

Metsimaholo Local Municipality



2010/2011 Medium Term Revenue and Expenditure Framework (MTREF)

Draft Budget Document

May 2010

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2. Mayoral Budget Speech

*(The Executive Mayor's Budget Speech will be delivered in Council **at 4 June 2010** after the completion of the community consultation process, and to coincide with the tabling of the budget for consideration and approval.*

The purpose of the speech will be to provide a high-level summary of the budget that draws on the executive summary and highlights key deliverables during the next three years. The speech will address certain fundamental issues, including the eradication of service delivery backlogs, commencement of new programmes and projects.)

3. Draft Budget Related Resolutions

1. Council approve the draft annual budget of the municipality for the financial year 2010/2011 and indicative for the two projected outer years 2011/2012 and 2012/2013 as set-out in the following schedules:
 - 1.1. Operating revenue by source reflected in schedule 1 and 2;
 - 1.2. Operating expenditure by vote reflected in schedule 1 and 2;
 - 1.3. The multi-year capital appropriations by vote and associated funding reflected in schedules 3 of the 2010/2011 MTREF

2. Council resolves that the property rates reflected on page 40 are imposed for the budget year 2010/2011

3. Council resolves that the following tariffs and charges (VAT exclusive), reflected are approved for the budget year 2010/2011
 - 3.1 Electricity (page 41 and 42)
 - 3.2 Water (page 43)
 - 3.3 Sewerage (pages 44 and 45)
 - 3.4 Cleansing - Refuse removal (page 46)
 - 3.5 Sundry tariffs (pages 47 to 65)

4. Council notes that the SDBIP submission and approval of the SDBIP will be dealt with in accordance with sections 69(3)(a) and 53(1)(c)(ii) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

5. The Property Rates Policy on page 20 be amended as follows:” ***The municipality shall prepare a new valuation roll every 5(five) years and supplementary valuation rolls monthly***”

6. The Property Rates Policy on page 17 be amended as follows:”***Sectional titles in town qualifies for a rebate of 7.5 %***

(seven and a half percent) for the year starting 1 July 2011 with no further rebate for sectional titles in town”

- 7 The capital projects/items to be financed from own funds (accumulated surplus) be implemented/purchased subject to the improvement of the cash flow position of the Municipality
- 8 The Indigent Policy be amended to reflects a threshold monthly household income of R2 400 from 1 July 2010
- 9 The Property Rates Policy must be taken for public participation

4. Executive Summary

The 2010/2011 budget preparation and IDP review process were conducted mainly in line with the legislative and regulatory frameworks prescribed by the Municipal Finance Management Act (MFMA), Municipal Systems Act (MSA) and National Treasury Guidelines. The format and contents of this budget document are in accordance with the guidelines contained in *MFMA Circular 51*.

The draft budget be tabled in Council on 31 March 2010 after which an extensive **community consultation** and public participation process will be conducted from 13 April 2010 to 18 May 2010. The programme that will follow with the various public meetings held is included on page 27 of the budget document. .

The **strategic alignment** between national, provincial and district service delivery priorities was also a critical factor during the IDP review and budget preparation process. Alignment between the Free State Growth and Development Strategy (PGDS), 2007-2014 and the Fezile Dabi District Municipality were important considerations and inputs during the process.

Free State PGDS (2007-2014) Priority Areas for Intervention	Fezile Dabi District Municipality Integrated Goals
<ul style="list-style-type: none"> ▪ Economic Growth, Development and Employment ▪ Justice and Crime Prevention ▪ Social and Human Development ▪ Efficient Governance and Administration 	<ul style="list-style-type: none"> ▪ Effective, sustainable accountable governance ▪ High level financial performance and management ▪ Efficient and effective service delivery ▪ Promotion of public participation and awareness ▪ Strategic economic and social role playing in the District

The Key Performance Areas of the Metsimaholo Municipality, in line with provincial and district priorities and goals are:

- Governance and Administration
- Economic and Development
- Social and Human Development
- Safety and Security

Further details on objectives and strategies are shown on pages 34-35 of the budget document.

The following are the main benefits offered to registered indigents for which a threshold of a monthly household income of R2 300.00 has been set. The threshold of a monthly household income increase to R2 400 from 1 July 2010.

- Free electricity of 50kWh per household
- 10 kiloliters of free basic water
- subsidy of R50.00 per month for assessment rates and other services not covered by FBS
- Free sanitation
- Free refuse removal

The average tariff increases (including expected growth in consumption levels and corrections in certain cases) are reflected in the table below.

Service	% tariff increase
Property rates	6
Electricity	8-30
Water	8
Sanitation	8 & 43
Refuse removal	Between 5 and 36

Further information on proposed tariff increases, including sundry tariffs, are included on pages 40 to 65.

In terms of the municipality's ***financial position*** own revenue constitute 82.98% of the total operating revenue of the municipality, whilst government grants and subsidies contributes **17.02%** of total revenue.

A summary of the operating and capital budget proposals over the medium-term, in terms of the attached budget schedules, is provided in the table below.

	Medium Term Revenue and Expenditure Framework		
	2010/2011	2011/2012	2012/2013
	R'000	R'000	R'000
Operating revenue	580 052	593 795	620 177
Operating expenditure	580 051	782 636	933 384
Capital expenditure	344 317	351 441	172 534

It should be noted that the ***Service Delivery and Budget Implementation Plan*** (SDBIP) will be submitted to the Executive Mayor 14 days after the approval of the budget in accordance with section 69(3)(a) of the MFMA. The approval of the SDBIP by the Executive Mayor will be done as per the provisions of section 53(1)(c)(ii) of the MFMA, that is 28 days after the approval of the budget.

4.1 Key assumptions

- Inflation is budgeted at 5.7 % in terms of National Treasury circular No. 51
- 13% water loss
- 10% electricity loss
- 20% non payment rate
- 8% increase on Councillors allowance
- Impairment and bad debt provision at R40 million
- No additional increase in revenue from the implementation of the Property rates Act during 2008/2009 financial year
- In terms of the Salary Agreement provision is made for a 9% increase to cover the general increase as well as the notch increase of staff where applicable.

4.2 Overview of Budget Funding

The MTREF is not fully funded. The period 2010/2011 reflected a cash deficit of R42.8m. This is the result of the Capital budget funding from own funds. The cash deficit increases dramatically for the ensuing years based on increasing expenditure trends. It is essential that the municipality should relook at its operational efficiencies to curb the non-core expenditure included in "other expenditure" eg. Professional Fees, telephone cost, rental of equipment, unfunded mandates (libraries) etc. Measures to increase the revenue base for the Municipality should be explored.

Expenditure on the Capital Budget can only occur when the deficit is funded

Annexure C, Table 7, Budgeted Cash flow has more detail on the funding of the MTREF.

[illegible]

Surplus/(Deficit) after capital transfers & contributions		(12 627)	10 889	(50 369)	710	(15 299)	1 144	-	(39 878)	(279 803)	(375 358)
Taxation											
Surplus/(Deficit) after taxation		(12 627)	10 889	(50 369)	710	(15 299)	1 144	-	(39 878)	(279 803)	(375 358)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(12 627)	10 889	(50 369)	710	(15 299)	1 144	-	(39 878)	(279 803)	(375 358)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(12 627)	10 889	(50 369)	710	(15 299)	1 144	-	(39 878)	(279 803)	(375 358)

The **operating grants** are as follows:

	2010/2011	2011/2012	2012/2013	
	R'000	R'000	R'000	
Equitable Share	79 048	89 694	98 891	Allocated for Free Services
Financial Management Grant	1 000	1 250	1 250	Appointment of Interns
Water services Operating Grant	1 120	784	1 227	Salaries and materials at the purification works Oranjeville
Library Operating Grant	84	100	117	Salaries at libraries
Municipal System Improvement Grant	750	790	790	Ward committee and Asset register expenditure
Municipal Infrastructure Grant	1 600			Salaries and operating expenditure at Project Management Unit

Allocation of Grants made by the Municipality

The municipality made no grants to other municipalities.

R20 000 per annum is made to the Community Chest

Table A9 has more detail on repair and maintenance. The amount reflected under Expenditure: Materials refers to repair and maintenance.

Employee related cost increase by R 30.5 million or 23.5%.

Provision for Bad Debts is R40 million to accommodate the non-payment of services and to impair the debtors.

Expenditure on contracted services increase by R3.6 million or 33.8%

Repair and Maintenance increase by R14, 1 million or 65.1%

Bulk purchase of electricity increase by R12.9 million or 15.1%

Annexure D reflects the monthly cash flow per revenue and expenditure

5.2 Revenue and Expenditure per Department

FS204 Metsimaholo - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Revenue by Vote	1									
COUNCIL/MAYOR , SPEAKER & COUNCILLORS		35	30	73	-	6	-	500	-	-
MUNICIPAL MANAGER		-	-	509	-	3 030	-	1 600	-	-
TRANSFORMATION & CORPORATE SERVICES		428	591	449	351	431	953	469	348	348
SOCIAL SERVICES		50 061	26 187	26 314	50 344	50 380	24 499	64 429	69 451	73 174
INFRASTRUCTURAL SERVICES		175 586	249 596	251 255	318 877	320 870	214 348	369 475	396 532	406 321
FINANCE		76 615	81 180	103 404	79 332	78 987	738 377	109 832	123 026	135 819
LOCAL ECONOMIC DEVELOPMENT		1 074	10 123	2 067	54 559	15 009	3 420	33 749	4 439	4 515
Total Revenue by Vote	2	303 799	367 708	384 072	503 463	468 713	981 597	580 052	593 795	620 177
Expenditure by Vote to be appropriated	1									
COUNCIL/MAYOR , SPEAKER & COUNCILLORS		11 322	12 140	15 325	17 849	17 571	16 762	22 335	32 489	30 289
MUNICIPAL MANAGER		2 287	13 599	10 858	33 057	25 786	20 357	33 447	38 442	106 046
TRANSFORMATION & CORPORATE SERVICES		8 780	8 963	29 191	10 885	12 447	17 976	23 464	33 737	40 103
SOCIAL SERVICES		70 168	55 223	70 571	69 256	70 472	57 306	92 623	133 870	92 453
INFRASTRUCTURAL SERVICES		190 304	200 549	215 342	331 794	329 781	212 951	378 335	489 157	597 561
FINANCE		28 538	67 684	97 476	7 403	3 421	23 113	12 727	30 595	45 647
LOCAL ECONOMIC DEVELOPMENT		7 300	7 712	7 809	9 704	9 232	5 541	17 120	24 345	21 286
Total Expenditure by Vote	2	318 698	365 868	446 572	479 949	468 710	354 007	580 051	782 636	933 385
Surplus/(Deficit) for the year	2	(14 899)	1 840	(62 500)	23 514	3	627 590	1	(188 840)	(313 207)

Vote Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<u>Capital expenditure - Vote Multi-year expenditure, to be appropriated</u> COUNCIL/MAYOR , SPEAKER & COUNCILLORS	2	-	-	-	-	-	-	-	-	-	-
MUNICIPAL MANAGER TRANSFORMATION & CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
SOCIAL SERVICES INFRASTRUCTURAL SERVICES		-	-	-	-	-	-	-	-	-	-
FINANCE LOCAL ECONOMIC DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
<u>Single-year expenditure to be appropriated</u> COUNCIL/MAYOR , SPEAKER & COUNCILLORS	2	-	154	328	-	48	23	-	1,000	-	-
MUNICIPAL MANAGER TRANSFORMATION & CORPORATE SERVICES		-	145	59	-	4,231	845	-	6,365	6,436	5,001
SOCIAL SERVICES INFRASTRUCTURAL SERVICES		28	476	183	-	5,211	9	-	3,852	1,659	1,731
FINANCE LOCAL ECONOMIC DEVELOPMENT		747	1,315	1,547	-	18,631	111	-	35,930	67,333	80,064
Capital single-year expenditure sub-total		31,635	40,114	16,793	-	54,877	16,356	-	127,139	104,674	72,795
Total Capital Expenditure - Vote		244	8	39	-	1,156	-	-	1,966	715	708
		1	1,500	1,570	-	1,466	6	-	172,065	166,625	12,235
		32,655	43,712	20,519	-	85,620	17,349	-	344,317	351,441	172,534
<u>Capital Expenditure - Standard</u> <i>Governance and administration</i> Executive and council Budget and treasury office		271	783	609	15,072	11,799	-	-	17,733	25,208	7,440
Corporate services		244	8	39	726	1,156			1,966	715	708
<i>Community and public safety</i> Community and social services		28	775	570	14,298	10,595			17,867	24,494	6,732
Sport and recreation		180	2,810	1,676	97,835	15,488	-	-	191,603	184,684	38,558
Public safety		147	1,259	15	17,847	10,979			23,842	22,634	12,765
Housing		13	49	91	2,231	1,751			3,067	2,107	2,490
Health		20	2		2,594	2,594			4,545	15,218	15,068
<i>Economic and environmental services</i> Planning and development			1,500	1,570	75,163	163			160,150	144,725	8,235
Road transport		6,942	6,146	-	3,403	300	-	-	63,284	43,250	31,500
Environmental		1			150	150			7,265	5,500	4,000
		6,941	6,146		3,253	150			56,019	37,750	27,500

protection											
<i>Trading services</i>		25,258	33,971	18,234	48,391	47,283	-	-	57,236	87,074	84,036
Electricity		6,078	15,425	2,366	16,366	17,532			24,421	43,509	27,145
Water		6,642	8,131	1,818	20,154	10,927			19,235	4,900	2,650
Waste water management		11,973	10,411	12,609	7,764	15,517			9,103	11,290	4,500
Waste management		564	4	1,442	4,107	3,307			4,477	27,375	49,741
<i>Other</i>			1		10,596	10,751			14,360	11,225	11,000
Total Capital Expenditure - Standard	3	32,651	43,712	20,519	175,297	85,620	-	-	344,317	351,441	172,534
Funded by:											
National Government		28,297	39,871	16,951	40,835	40,458	20,012		41 696	58 121	52,228
Provincial Government					75,000				172 115	146,600	13,200
District Municipality			1,230						5,727	10,141	10,172
Other transfers and grants											
Transfers recognised - capital	4	28,297	41,101	16,951	115,835	40,458	20,012	-	224,538	210,862	75,600
Public contributions & donations	5				11,350	4,100	4,100		26,000	18,300	200
Borrowing	6	3,342		1,442	25,670	25,760			58,900	27,316	34,583
Internally generated funds		1,016	2,611	626	22,803	15,302	2,503		39,879	90,963	62,152
Total Capital Funding	7	32,655	43,712	19,019	175,658	85,620	26,615	-	344,317	351,441	172,534

The Capital budget increase by R258.7 million (302%)

5.4 Other tables

Attached to the report are the following Tables:

Table A1: Budget summary

Table A2: Budgeted Financial Performance (standard classification)

Table A6: Budgeted Financial Position

Table A7: Budgeted Cash Flow

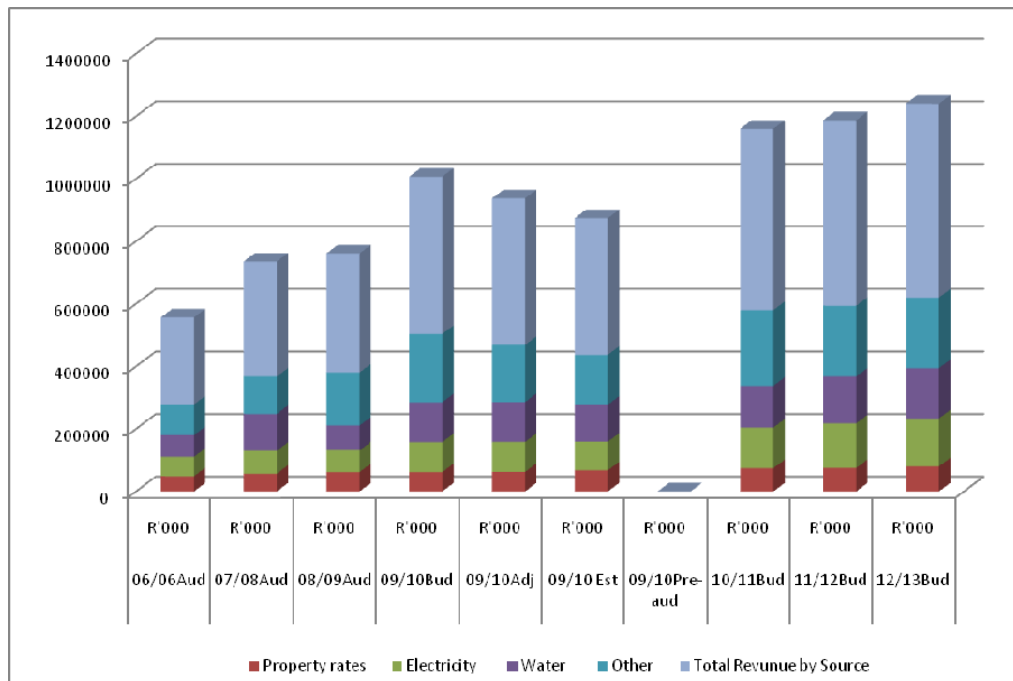
Table A8: Cash backed reserves

Table A9: Asset Management

Table A10: Basic service delivery measurement

6. Budget Related Charts

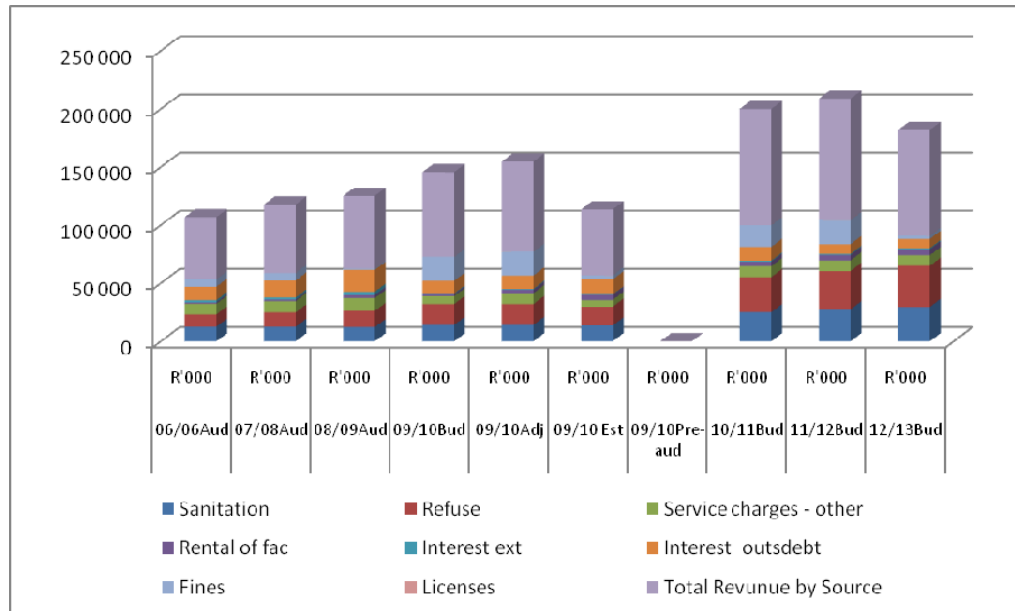
Chart 1: Revenue by Major source



Revenue from own source represent **82.98%** of total revenue in 2010/2011 decrease slightly to **81.8%** in 2011/12. This indicates that the municipality relies more on its own sources for revenue than on government grants.

Water remains a major source of revenue for the municipality at an average of 29.6% over the medium term.

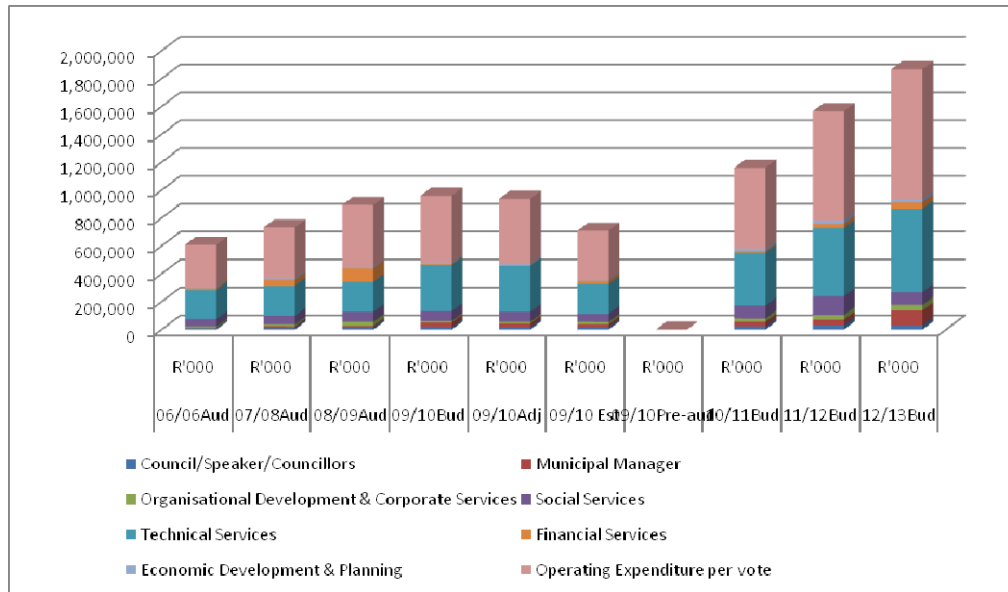
Electricity revenue contribute on average 28.7% of own revenue of the medium term period.

Chart 2: Revenue by Minor Source

Revenue from sanitation and refuse tariffs represents on average 12.2% of total revenue and could also be investigated as part of a revenue enhancement strategy.

Interest earned on outstanding debtors decreases from R12.7 million in 2010/11 to R8.9 million in 2012/13.

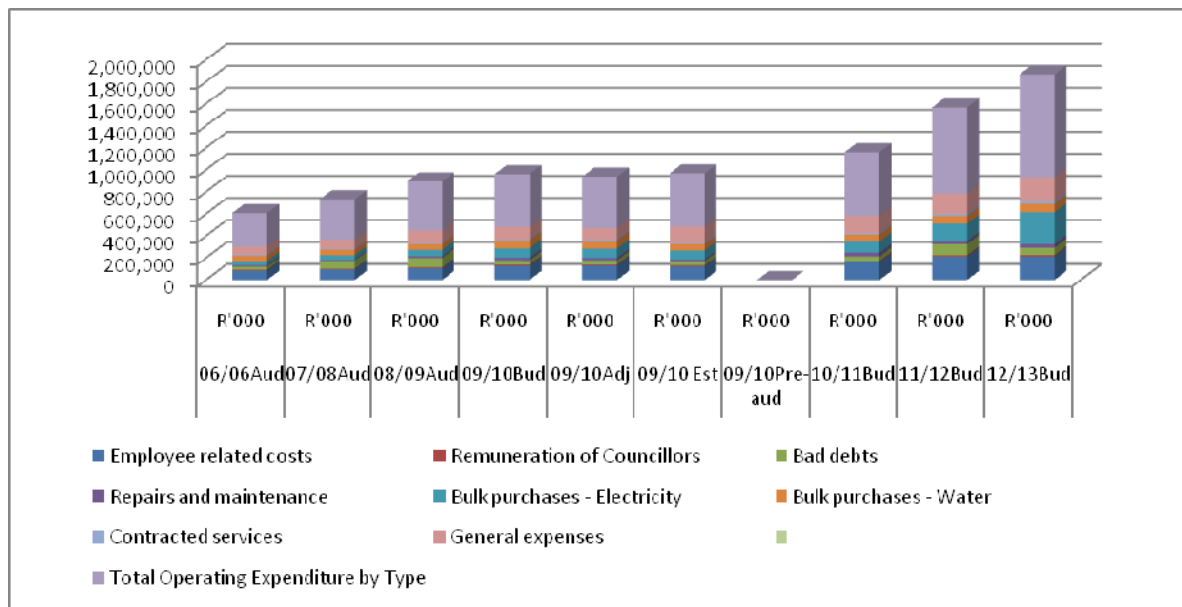
Revenue from fines decreases with from R20.6 million in 2009/10 to R18, 6 million in 2010/11

Chart 3: Operating Expenditure by Vote

Operating expenditure relating to the Technical Services (Electricity, Water, Sanitation and Roads) is the biggest component at 65% in 2010/2011 and then decrease to 64% in 2012/2013.

Social Services, which includes Refuse Removal is the second biggest component at R92.6 (16%) in 2010/2011 increasing to R133.8 million (17.1%) in 2011/2012

Expenditure relating to Councillors, which includes the Offices of the Mayor and Speaker and Council (General) accounts for R22.3 million in 2010/2011 or 3.9% of total expenditure; is increasing to R30.3 million or 3.4% of total operating expenditure in 2012/2013.

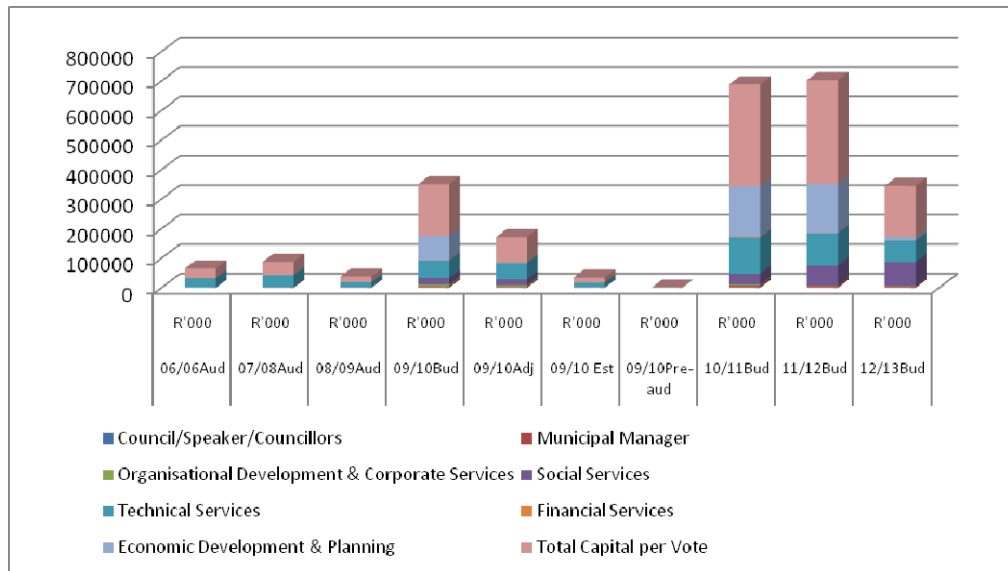
Chart 4: Operating Expenditure by Major Type

Employee related costs constitute 27.7% of total operating expenditure in 2010/2011 decreasing to 27% in 2011/2012

Remuneration of Councillors increases from R10.7 million in 2010/2011 to R13 million in 2012/2013

Bulk purchases of electricity amounts to R98,8 million in 2010/2011 increasing to R290,6(194%) million in 2012/13, whilst water purchases increase from R66,1 million to R77.1 million (16,6%) over the same period.

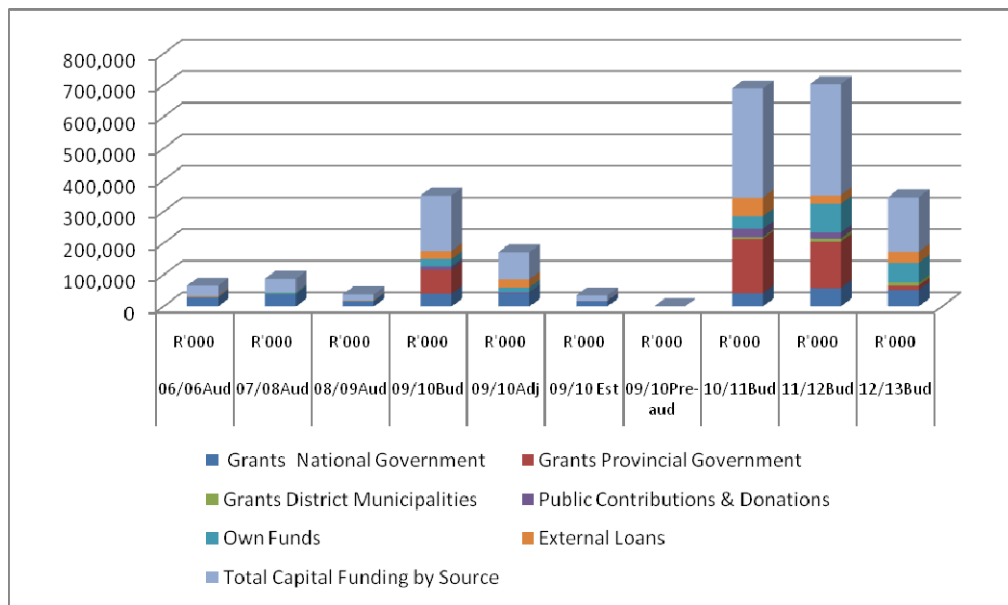
General expenditure amount to **R153.9** million in 2010/2011 increasing to **R219.3** million in 2012/2013

Chart 5: Capital Expenditure by Vote

The biggest single portion of capital expenditure is allocated to Technical Services which amounts to **R123.1** million in 2010/2011 decreasing to **R72.8** million in 2012/2013

It is projected that capital expenditure will decrease over the next three years. This mainly due to delays in confirmation of funding from external sources (province and district) inadequate planning by departments of their capital projects over the medium term. This issue is continuously being addressed as part of the municipality's budget reform programme. However, the two outer years will be populated with projects during the 2010/2011 budget and IDP process.

Detail of the projects and items are reflected in Annexure B

Chart 6: Capital Expenditure Funding

The graph indicates that the municipality is reliant for funding from government grants and subsidies to sustain its capital investment and infrastructure delivery programme.

Government grants and subsidies from the National and Provincial spheres, as well as District Municipality, constitute 63.76% of the total capital funding in 2010/2011.

	2010/2011	2011/2012	2012/2013
	R'000	R'000	R'000
Department of Energy	13 000	10 279	5 000
Municipal Infrastructure Grant	30 696	38 842	47 228
Human Settlements	167 115	145 000	12000
Land Affairs		5 000	
Department Transport	500		
Provincial Government		5 600	1 200
Department Social Service	500		

DWAF	2 000		
District Municipality	5 727	10 141	10 172

Loans constitute 17.1% of the total capital funding and must be financed via tariff increase.

Capital from own funding (accumulated surplus) will only be used based on the availability of cash.

7. Budget Process Overview

MFMA, Chapter 4, as well as Circular **51** provide guidance on the steps in the annual budget process. Critical to the development of a credible budget are: the manner in which the strategic planning process is integrated; the input of policy directions; and consultation with the community and other stakeholders, as summarised below:

- Political oversight and management of the budget process
 - Time schedule relating to the budget process
 - Process used to integrate the review of the IDP and preparation of the budget
 - Process for tabling of budget and community consultations
- **Political oversight of the budget process**

The Council and Senior Management convened various planning sessions from December 2009 to discuss political and strategic priorities that would inform the IDP review and Budget preparation processes.

In regard to budget committees, the Portfolio Head for Finance, assisted by the various portfolio committees/heads and Mayoral Committee provided a political oversight role over the IDP review and Budget preparation processes.

Informal meetings were also convened to discuss issues pertinent to the budget and to solicit views from councillors on such matters.

The Municipal Manager and Directors provided inputs into the process at various management meetings.

Various public participation meetings with residents and ward committees on the annual revisions to IDP were held during the period October 2009 to November 2009.

- **Schedule of Key Deadlines relating to budget process [MFMA s 21(1)(b)]**

The following time schedule of key deadlines for the preparation of the budget for the 2010/2011 medium term period was tabled in Council in August 2009 and was approved by council accordingly.

TIME TABLE FOR BUDGET PROCESS : 2010/2011

Sept. 2009	Consultation with Wards, should consider the IDP - Operating / Capital programs for three years	Ward Councillors
5-9 Oct 2009	Directors to discuss input with Portfolio and submit inputs to F/S – discuss submissions	MMC's and Directors
14 October 2009	All directors submit feedback to Finance	Directors
29 October 2009	IDP review finalized	IDP Manager
<u>2-6 November 09</u>	<u>Discussion Capital Budget (Meetings)</u>	<u>Per Directorate</u>
2 November 2009	<i>Director Organizational Development and Corporate Services / Director Economic Development and Planning</i>	
3 November 2009	<i>Executive Mayor</i>	
4 November 2009	<i>Municipal Manager (IDP, Security, Audit, PMU, SCM)</i>	
5 November 2009	<i>Director Technical Services</i>	
6 November 2009	<i>Director Social Services</i>	
13 November 2009	Management meeting	Snr Management
16 – 20 Nov. 2009	All Portfolio Committee meetings Capital Budget; Proposed tariff increase	MMC' s and Directors
22 November 2009	Directors submit feedback on Portfolio meetings, to Finance	Directors
26 November 2009	Informal meeting: Tariffs ; Capital Budget (District Council, Provincial Government included)	Councillors Directors
4 December 2009	- Operating Expenditure (2009/2010) Salary Budget - Three year Operating Budget – Submitted to F/S	Directors Directors

12 – 16 January 09	<u>Discussions with Directors</u>	<u>Per Directorate</u>
12 January 2010	Director Organizational Development and Corporate Services / Director Economic Development and Planning	
13 January 2010	Executive Mayor	
14 January 2010	Municipal Manager (IDP, Security, Audit, PMU, SCM)	
15 January 2010	Director Technical Services	
16 January 2010	Director Social Services	
27 January 2010	Operating Budget Discussion (Meeting)	Snr Management
1-5 February 2010	All Portfolio Committee meetings	MMC's
9 February 2010	All directors submit feedback on Portfolio meetings, to Finance	Directors
18 February 2010	Informal meeting Operating Budget (included DC, Provincial Government)	Councillors Directors
25 February 2010	Budget meeting - Management	Directors
1-5 March 2010	All Portfolio Committee meetings	MMC's
9 March 2010	All directors submit feedback on Portfolio meetings, to Finance	Directors
19 March 2010	Informal meeting: - Capital - Operating - Tariffs	Councillors Directors
26 March 2010	Informal meeting – Capital, Operating, Tariffs	Councillors
31 March 2010	Formal meeting - Table proposed Budget	Councillors
1 April 2010	- Report back to Wards	Councillors & Wards
3 April 2010	- Budget available to public for comments	
3 April 2010	- Submit budget to: National Treasury Provincial Government DC	CFO
10 May 2010	Mayor respond to submissions	Mayor

14 May 2010 and 21 May 2010	Informal Council : Budget	Councillors Directors
28 May 2010	Council meeting - Approval of Budget	Councillors Directors

Communication with municipal departments regarding budget preparation guidelines were communicated at budget meetings with directors and line managers. This was further augmented with formal memoranda from the chief financial officer to departments as indicated in the table below.

Meetings		Memoranda	
9 October 2009	Budget and Loss Control (Adjust dates to accommodate IDP)	13 Oct 2009 26 Jan.2010 28Jan.2010 11 Feb.2010	Capital budget guidelines
15 Feb. 2010	Budget and Loss Control Meeting		
17-19 February 2010	Bilateral with Directors		
4-5 March 2010	Bilateral with Directors		
8 March 2010	Budget and Loss Control Meeting		
18 March 2010	Bilateral with Directors and MM Bilateral with Directors and MM and Mayco		
25 March 2010			
15 Feb. 2010	Budget and Loss Control	26 Nov 2009 28 Jan. 2010 11 Feb.2010	Staff budget guidelines
17-19 Feb.2010	Directors/Managers Bilateral		
4-5 March 2010	Bilateral with Directors		
8 March 2010	Budget and Loss Control Meeting		
18 March	Bilateral with Directors		

2010 25 March 2010	and MM Bilateral with Directors and MM and Mayco		
15 Feb.2010 17-19 Feb. 2010 4-5 March 2010 8 March 2010 18 March 2010 25 March 2010 27 May 2010	Budget and Loss Control Directors/ Management Bilateral Bilateral with Directors Budget and Loss Control Meeting Bilateral with Directors and MM Bilateral with Directors and MM and Mayco Informal Council Meeting	26 Nov.2009 28 Jan.2010 11 Feb 2010	Operating budget guidelines

- **Process used to integrate the review of the IDP and preparation of the budget**

The IDP Steering Committee consisting of key political office bearers and senior management ensured that issues relating to the IDP and budget preparation are managed and dealt through an integrated and holistic approach.

All IDP related matters having an impact on resource allocations and the budget in general are therefore handled more appropriately by the Steering Committee.

- **Process for tabling of budget and community consultations**

In terms of section 16(2) of the MFMA, the mayor must table the annual budget at least 90 days before the start of the budget year.

The following table provides a clear illustration of the types of consultations, stakeholders involved, dates on which the various consultations took place and the respective venues.



P O Box 60
SASOLBURG
1947

DRAFT BUDGET AND IDP : PUBLIC MEETINGS

Notice is hereby given in terms of Section 16 read with Section 17 of the Local Government Municipal Systems Act, 2000 (Act 32 of 2000) and Section 22 and 23 of the Local Government: Municipal Finance Management Act, (Act No. 56 of 2003) that the Metsimaholo Local Municipality invites members of the public and stakeholders to participate in the Public meetings as indicated below for the 2010/2011 Draft Budget.

Ward	Name	Date	Venue	Time
Ward 1 Amelia Kerekeng e Tala Phase 2&3 Pase4&5	Clr S I Ramathesele	6/05/10 7/05/10 10/05/10 9/05/10	Ground Ha Zakwe Kopanelang Thuto	17:00 17:00 17:00 8:00
Ward 2 Ward 7	Clr N M Mafika Clr M R Raboroko	25/04/10	Lehutso School, Zamdela	8:00
Ward 8	Clr L S Semonyo	4/05/10	Arts and Culture, Zamdela	17:00
Ward 9	Clr D E Mokoena	18/04/10	Lerato Hall	8:00
Ward 4 Ward 3	Clr M I Mashinini Clr T L Soetsang	3/05/10	Refengkgotso Hall	17:00
Ward 5	Clr A N Radebe	22/04/10	Metsimaholo Hall	17:00
Ward 5	Clr A N Radebe	13/05/10	Oranjeville Primêre Skoolsaal	18:00
Deneysville	Clr A N Radebe	28/04/10	Deneysville Primary School	17:00

Ward 5				
Ward 10	Clr L S Lempe	21/04/10	Iketsetseng School	17:00
Ward 6 Ward 13	Clr M M Mtimkulu Clr J M Lelahla	20/04/10	Credo School, Zamdela	17:00
Ward 12 Ward 11	Clr M W Khonto Clr T Mabasa	19/04/10	Boiketlong Hall, Zamdela	17:00
Ward 14 Ward 18 Farmers	Clr F C Coetzer Clr R J Mabefu	15/04/10	Vaalpark Primary School	18:00
Ward 15 Ward 16 Ward 17 Farmers	Clr J J Grobbelaar Vacant Clr M C van der Walt All Councillors	13/04/10	Etienne Rousseau Theatre	18:00
Businesses/ Industries	All Councillors	29/04/10	Council Chambers Breakfast meeting	07:00

Summary of Community Priority Issues

The Executive Mayor considered the key issues raised where possible.

- **Strategic alignment with National, Provincial and District Governments**

Free State Growth and Development Strategy

In terms of Section 24(1) of the Municipal Systems Act “The planning undertaken by a municipality must be aligned with, and complement, the development plans and strategies of other affected municipalities and other organs of state so as to give effect to the principles of co-operative government contained in section 41 of the Constitution”.

In the case of the Metsimaholo Local Municipality the most important (although not the only) directives in this regard are the National Spatial Development Perspective (NSDP), Free State Growth and Development

Strategy (PGDS) and the Integrated Development Plan of the Fezile Dabi District Municipality.

The PGDS (2007-2014) is the strategic framework for the Free State Provincial Government that sets the tone and pace for growth and development in the province. It addresses the key and most fundamental issues of development spanning the social, economic and the political environment.

The PGDS is considered a strategic document in as far as it ties provincial policies with national policies while it spells out strategies on a sectoral level. Moreover, the PGDS also serves as guideline to provincial departments and local government/organisations when they lay out their budget allocations in the light of key growth and development priorities at the beginning of each budgeting cycle. It is thus essential that the issues and programmes emanating from IDPs be compatible with the priority areas of the PGDS.

Free State Province identified several priority areas of intervention as part of the Provincial Growth and Development Strategy, namely:

- Economic Growth, Development and Employment
- Justice and Crime Prevention
- Social and Human Development
- Efficient Governance and Administration

Integrated Goals for the Fezile Dabi District are:

- Effective, sustainable accountable governance
- High level financial performance and management
- Efficient and effective service delivery
- Promotion of public participation and awareness
- Strategic economic and social role playing in the District

Care was taken during the Metsimaholo IDP process that all actions and initiatives proposed by the municipality are in line with these Provincial and District Priority Areas for Intervention as highlighted above.

8. Alignment of Budget with IDP

This section provides a good understanding of what is contained in the IDP and how that guides the allocations in the budget. The budget documentation provides a good high-level overview of the IDP and reference is being made to the detailed IDP documentation.

The following information obtained from the IDP is included in the budget document for ease of reference.

VISION
<p>“Metsimaholo Municipality strives to be a leading Municipality in delivering effective, affordable and sustainable quality services to its communities”.</p>

MISSION
<p>We will achieve our vision by:</p> <ul style="list-style-type: none"> • Promoting proper planning and implementation of projects and programmes • Setting standards • Being accountable • Communication • Capacity building of staff and communities • Having proper systems and processes • Ensuring a sustainable, affordable and effective service delivery.

MUNICIPAL KEY PERFORMANCE AREAS AND IDP PRIORITY ISSUES

Based on the above, the following are the Key Performance Areas (KPA's) of the Metsimaholo Local Municipality:

KEY PERFORMANCE AREAS
<p>Basic Service Delivery and Infrastructural Investment</p> <p>Municipal Transformation and Institutional Development</p> <p>Financial Viability and Financial Management</p> <p>Local Economic Development</p> <p>Good Governance and Public Participation</p>

Following from these, and informed by inputs provided by the community during consultation processes, as well as an analysis of technical information pertaining to the area, the following Objectives or Clustered Priority Issues have been identified in the Metsimaholo Municipal Area:

<p>Governance and Administration</p> <ul style="list-style-type: none"> ▪ Monitoring ▪ Governance ▪ Performance Management and Implementation 	<p>Safety and Security</p> <ul style="list-style-type: none"> ▪ National Crime Prevention Strategy ▪ Disaster Management
<p>Economic and Investment</p> <ul style="list-style-type: none"> ▪ Local Economic Development ▪ Poverty Alleviation ▪ Acquisition of Land ▪ Housing ▪ Water Provision ▪ Sanitation Provision 	<p>Social and Human</p> <ul style="list-style-type: none"> ▪ Improved Level of Health Services ▪ Education ▪ Youth Development ▪ Welfare Service Provision ▪ Culture Enhancement

- Streets and Storm Water
- Electricity Provision
- Refuse Removal
- Cemeteries
- Telecommunication
- Public Transport
- Environment
- Land Reform

- Safety and Security
- Disaster Management
- Gender Equity
- HIV / AIDS

9. Budget Related Policies: Overview and Amendments

The following policies relating to the budget will be amended:

Indigent Policy

The Indigent Policy be amended to reflect a threshold monthly household income of R2 400 from 1 July 2010

Property Rates Policy

The Property Rates Policy on page 20 be amended as follows:” ***The municipality shall prepare a new valuation roll every 5(five) years and supplementary valuation rolls monthly***”

The Property Rates Policy on page 17 be amended as follows:”***Sectional titles in town qualifies for a rebate of 7.5 % (seven and a half percent) for the year starting 1 July 2011 with no further rebate for sectional titles in town***”

The Property Rates Policy must be taken for public participation

10. Fiscal Overview and Source of Funding (Tariffs)

Revenue Trends

	Medium Term Revenue and Expenditure Framework					
	2010/2011		2011/2012		2012/2013	
	R'000	%	R'000	%	R'000	%
Own revenue	481 332	82.98	485 922	81.8	517 900	83.5
Government grants	98 720	17.02	107 873	18.2	102 277	16.5
Total revenue	580 052	100	593 795	100	620 177	100

Revenue from own source represent **82.98%** of total revenue in 2010/2011 decrease slightly to **81.8%** in 2011/2012. This indicates that the municipality relies more on its own sources for revenue than on government grants.

Trends in major sources of own revenue

	Medium Term Revenue and Expenditure Framework					
	2010/2011		2011/2012		2012/2013	
	R'000	%	R'000	%	R'000	%
Property rates	74 488	15.5	75 085	15.5	80 301	15.5
Electricity	130 047	27	142 846	29.4	153 411	29.6
Water	133 241	27.7	149 542	30.8	160 672	31
Sanitation	25 082	5.2	27 527	5.7	29 599	5.7
Refuse removal	30 152	6.3	32 935	6.8	35 405	6.8
Interest	12 700	2.6	9 325	1.9	8 960	1.7
Other	75 622	15.7	48 665	9.9	49 552	9.7
	481 332	100	485 922	100	517 900	100

- Water remains a major source of revenue from services for the municipality at an average of 29.6% over the medium term.

- Property rates income at an average of **15.5%**. Electricity revenue contribute on average **28.7%** of own revenue of the medium term period.

In the preceding financial years revenue from water was negatively affected by billing problems, inconsistent meter readings and high water losses. It is expected that the following interventions already in place will positively address these issues:

- Appointment of a service provider to audit and verify meter information with the billing information.
- The establishment of a task team to focus on consumption and billing by heavy industrial consumers in the municipal area.
- The implementation of the new debt collection and credit control policy
- Implementation of Revenue Enhancement Strategy

It is further expected that the installation of more pre-paid electricity meters will also assist in more effective credit control and debt collection. Currently the number of households with pre-paid meters is 25 172 compared to 3 738 households with conventional meters.

Tariff Overview

The municipality has succeeded in most of the services to maintain tariff increases within the growth limits set by National Treasury in line with the inflation target band of the Reserve Bank of between 3 and 6 per cent. However, the average increases include an allowance for growth in consumption levels and corrections in certain tariffs. The average tariff increases are reflected in the table below.

Service	% tariff increase
Property rates	6
Electricity	8-30
Water ¹	8
Sanitation	8 & 43
Refuse removal	5-36

Proposed Tariff Increases

The tables below indicate the proposed tariff increases for the main consumer services and sundry services for the 2010/2011 financial year.

Assessment Rates

The option to tax private development and agricultural land are in place and enter the third year and will be taxed at 75%. A phasing in period of 2 years remain to get some properties (zoning) on equal tariffs as per regulations issued in December 2007 by DPLG.

Sasolburg/ Zamdela	2009/10	Proposed 2010/2011
Heavy Industries	0.0270	0.02862
Light Industries	0.0270	0.02862
Businesses	0.0108	0.01145
State property	0.0108	0.01145
Domestic and other – Sasolburg	0.0054	0.00572
- Zamdela	0.0054	0.00572
Deneysville/Refengkgotso/ Phomolong		
Residential	0.0054	0.00572
Businesses	0.0108	0.01145
Churches	0	0
State Property	0.0108	0.01145
Refengkgotso	0.0054	0.00572
Oranjeville/Metsimaholo		
Residential	0.0054	0.00572
Businesses	0.0108	0.01145
Metsimaholo : Residential	0.0054	0.00572
Metsimaholo: Businesses	0.0108	0.01145
State Property	0.0108	0.01145
<u>Farmland:</u>		
Residential	0.00136	0.00215
Businesses	0.0027	0.00429
Industries	0.0067	0.010733
Private owned towns, Body Corporate, Sectional Titles	0.00136	0.00215
Mining	0.0067	0.010733
Agricultural	0.00067	0.001073
Unregistered Erven	Municipal services charges equal to category of property	Municipal services charges equal to category of property

The amount allocated to approve indigents for Assessment Rates is to a **maximum of R50.00 per month. For budget purposes the assumption was made that there will be 12 000 approved indigents be registered.** Additional income at 6% tariff increase of assessment rates represents R3 306 069 per annum.

Electricity

Approval must be obtained from NER for the increase between 8% and 30% in fees/tariff to finance the ring fencing of the service.

Basic Service charges for Electricity (VAT exclusive)

Sasolburg/Zamdela/Deneysville/ Oranjeville	2009/2010	2010/2011
Schools, Churches, Halls, etc.	R96.00	R110.00
Businesses, Offices, Hotels, clubs, etc.	R96.00	R110.00
Businesses Zamdela:		
Single phase	R96.00	R110.00
Three phase	R96.00	R110.00
Four meters	R185.00	R212.00
Businesses: Deneysville/Refengkgotso	R96.00	R110.00
Phomolong		
Businesses : Oranjeville/Metsimaholo	R96.00	R110.00
Bulk Supply	R185.50	R 212.00

Free basic electricity of 50kWh will be given to all residents (25 000 households). An amount of R9.9m is allocated in order to make it possible. Eskom must be informed accordingly.

The current tariffs can be implemented after approval from NER is as follows:

Tariff(VAT <i>exclusive</i>)	2009/2010	2010/2011
Domestic	R0,6632/kWh	R0.7965/kwh
Schools, Churches	R0,6125/kWh	R0.7965/kwh
Businesses	R0,6125/kWh	R0.7965/kwh
Bulk	R0,3058/kWh	R0.3533/kwh
KVA	R87,75/Kva	R95.00
kW	R95.11	R102.97

All tariff increases by Eskom will result in an equal increase of tariffs payable by electricity consumers in Metsimaholo area.

The tariff increase will result in R20 947 000 additional income. Tariff increase not yet included in revenue.

Water

Basic charges (***VAT exclusive***) for others than households will increase:

	2009/2010	2010/2011
	R	R
Sasolburg/Zamdela		
Churches	17,93	19,36
Businesses	71,01	76,69
Light Industries	92,00	99,36
Heavy Industries	8% on 2008/09 tariff	8% on 2009/10 tariff
Deneysville		
Businesses	71,01	76,69
Oranjeville		
Co-operatives	726,30	784,41
Businesses	71,01	76,69

6kl free water will be given to all households. This will be financed from the Equitable Share. A further amount is allocated from equitable share to finance additional 4kl of water to approved indigents. An approved indigent will receive 10kl of water free. Total amount of R25.2 million is allocated from Equitable Share. 8 % increase represents R10 941 450 per annum.

Water consumption tariff(VAT exclusive)

	2009/2010/	2010/2011
<i>Sasolburg/Zamdela/Deneysville/Refengkgotso/Phomolong</i>		
Domestic	R9,55/kl	R10,32/kl
Schools	R9,55/kl	R10,32/kl
State property (excl. residential properties)	R8,97/kl	R9,69/kl
Businesses	R8,97/kl	R9,69/kl
Light Industries	R8,97/kl	R9,69/kl
Heavy Industries	R10,21/kl (including levy for ring feed)	R11,03/kl
Oranjeville/Metsimaholo	R6,48/kl	R7,00/kl
Oranjeville Businesses	R6,66/kl	R7,20/kl

Guest houses are operated as businesses and are levied as businesses.

Sewerage Service

A tariff increase of 8% is proposed, except for suction tank service.

The basic charges of sewer for residents (households) will be subsidised by Council. An amount of R1 517 800 is allocated from Equitable Share for this purpose. A further amount of R6 208 200 is allocated from Equitable Share for additional sewer to all approved indigents. 8% increase represents R765 974 additional income per year.

Tariffs(VAT exclusive)

Sasolburg	2009/2010	Proposed 2010/2011
Domestic - Basic	Free. (R6,92)	Free. (R7,48)
Heavy Industries	Actual cost by	Actual cost by
Businesses	SCI plus 35%	SCI plus 35%
Additional		
(a) Sasolburg sewer	R56,16	R60,66
(b) Zamdela sewer	R56,16	R60,66
(c) Business sewer	R59,08	R63,81
(d) Flats	R4,18	R 4,52
	R56,16	R60,66
(e) 2 nd Dwelling Sasolburg	R56,16 + R56,16	R60,66+R60,66
(f) 2 nd Dwelling Vaalpark	R56,16 + R56,16	R60,66+R60,66
(g) Industries sewer	R59,08	R63,81
(h) Day schools	R19,23	R20,77
(i) Creches	R19,23	R20,77
(j) Flats sewer	R56,16	R60,66
(k) Add units flats	R33,05	R35,70
Oranjeville/Metsimaholo		
Suction tank per service	R140,00	R 200.00
<i>Basic sewer</i>		
Oranjeville Domestic	Free	Free
Metsimaholo Domestic	Free	Free
Businesses	R56,16	R60,66
<i>Additional sewer</i>		
Water borne sewer Oranjeville	R35,70	R38,56
Water borne sewer		
Metsimaholo	R16,96	R18,32
Deneysville		
Suction tank per service	R140,00	R 200.00
<i>Basic sewer</i>		
Deneysville Domestic	-	
Refengkgotso/Phomolong:		
Domestic	-	
Businesses	R56,16	R60,66

Water borne sewer Refengkgotso/Phomolong Bucket services system	R35,70 R16,96	R38,56 R18,32
Rural areas: Suction Tank Services Areas that is not included in the disestablished towns (No Rates Payable)		
Normal working hours	R1 000.00/Service	R1 080.00/Service
After hours	R2 000.00/Service	R2 160.00/Service
Areas with discounted rates:		
Normal working hours	R1 000.00/Service	R1 080.00/Service
After hours	R2 000.00/Service	R2 160.00/Service

Guest houses are levied at business tariffs.

Cleansing Services

In order to economise the service it must be considered that the same tariff be charged where there is a service once a week. Tariffs are VAT exclusive.

All residents in all areas receive a service once a week. Therefore the tariff must be uniformed.

An average increase of between 5-36% is proposed. The tariff increase represent R1 550 313 additional income for the year.

Sasolburg	R 2009/2010	R 2010/2011
Dwellings/Single flats	69,12	72.58
Joint flats (one service point)	54,00	72.58
Businesses and Schools	128,81	135.25
Dumping ground:		
Industries and Contractors	60,00	63.00
Churches	69.12	72.58
Zamdela		
<i>Formal areas:</i>		
Dwellings	60,00	68,00
Flats (Tswelopele)	60,00	68,00
Businesses	90,00	94.50
Churches	60,00	68,00
Private Hostels	60,00	68,00
<i>Informal areas:</i>		
Dwellings	60,00	68.00
Informal settlement	60,00	68.00
Deneysville/Refengkgotso/Phomolong		
<i>Domestic:</i>		
Deneysville	69,12	72.58
Refengkgotso	50,00	68.00
<i>Businesses</i>	128,81	135.25
<i>Churches</i>	69.12	72.58
Oranjeville/Metsimaholo		
<i>Domestic:</i>		
Oranjeville	65,00	72.58
Metsimaholo	50,00	65.00
<i>Businesses</i>	90,00	115.00
<i>Churches</i>	69.12	72.58
All areas		
Approved indigents	FREE	FREE

Guest houses operate as businesses and are levied as businesses.

An amount of R8.6 million is allocated from equitable share for the refuse service to approved indigents.

Sundry Tariffs

That the following miscellaneous tariffs (**VAT exclusive**) be implemented from 1 July 2010.

Financial Services

	2009/2010/	2010/2011
New Consumers who moved into municipal area		
Connection fee per meter:		
- Water	R100,00	R110.00
- Electricity	R100,00	R110.00
Delivery of warning notices	R100,00	R120.00
Non-payment fees for defaulters		
- Normal reconnection fee	R200,00	R250.00
- After hours reconnection fee (additional)	R150,00	R160.00
- Reduce water supply	R180,00	R250.00
- Cut electric cable	R180,00	R250.00
- Remove electric cable	R500,00	R550.00
- Replace electric cable	R500,00	R550.00
- Final Notice Fee	R50,00	R55.00
- Dishonoured Cheques R/D	R100,00	R250.00
Illegal Connection(Bypass/tampering of meters)		
Household (Water or Electricity)	R15 000,00	R16 000
Business	R30 000,00	R16000/meter
Illegal connection after disconnection(switch on of meter)		R3 000
Loss of units calculated for up to 1 year average plus tampering penalty		Number of units x tariff applicable
Clearances and Valuation		
Clearance certificates		
Normal collection	R150,00	R160,00
Registered mail	R150,00	R160,00
Valuation Roll per Town (Residential Area) or part thereof	R200,00	R220,00
Valuation electronic format	R100,00	R150.00
Valuation Objection Fee	R100,00	R200.00
Valuation Certificate	R80,00	R90.00
Address list per 500 pages or part thereof	R300,00	R400.00
Search Fees	R40,00	R45.00
Other Fees		
Testing of electricity/water meters	R220,00	R250.00
Replacement of padlock	R100,00	R150.00
Duplicate Accounts	R5,00	R6.00
Duplicate tenant's Accounts send to owners	R10,00	R12.00
	R5,00	R10.00
Duplicate IRP 5		
Fee for block/unblock of Prepaid electricity meters	R60,00	R65,00
Replacement of prepaid card	R40,00	R45,00

Refuse bags	Cost + 10%	Cost + 10%
Selling of wood (= LDV load)	R75.00	R90.00
Cutting of trees (per tree)	R800	R850.00

Deposits

	2009/2010	2010/2011
Flats/Town houses		
Owners/Tenants (without pre-paid meters)	R800,00	R2 500.00
Owners/Tenants (with pre-paid meter)	R1 200,00	R1 500.00
Where body corporate pay other services	0	0
Houses		
(with pre-paid meters) Owners	R1 500,00	R1 750.00
(with pre-paid meters) Tenants	R1 500,00	R1 750.00
Owners (without pre-paid meters)	R3 000,00	R3 500.00
Tenants (without pre-paid meters)	R3 000,00	R3 500.00
Businesses		
<i>Civic Centre</i>		
(with pre-paid meters) Owners	R1 000,00	R1 500.00
(without pre-paid meters) Tenants	R2 000,00 min	R2 500.00 min.
based on twice monthly consumption based on the type of business		
<i>Light Industries</i>		
based on twice monthly consumption based on the type of business	Twice monthly consumption	Twice monthly consumption
<i>Heavy Industries</i>		
based on twice monthly consumption based on the type of business	Twice monthly consumption	Twice monthly consumption
Government		Same as businesses

Water and Sewer connection tariffs increases

Connections to be done	2009/2010	2010/2011
Water		
15mm - 3m max	R 1 254.38	R 1 379.83
20mm - 3m max	R 1 473.68	R 1 621.06
80/20 COMBO meter	R 17 543.86	R 19 298.25
50/20 COMBO meter	R 13 684.21	R 15 052.64
40 mm	R 8 464.91	R 9 311.41
All other to be calculated independently (longer than 3m and larger meters)		
Water and Sewer road crossings	R6 578.94	R7 236.85
Relocating Water meters(labour only)	R701.75	R771.93
Stolen Water meter	Cost of meter	Cost of Meter

Electricity		
New single phase connection	R 3 614.04	R 4 277.60
Upgrading from 60 – 80 ampere	R 4 035.09	R 4 783.08
New three phase connection up to design load	R 2 192.99	R 2 600.00
New three phase connection larger than design load	R 694.32	Estimated cost plus network strengthening cost of R791.50/Kva
Single phase prepaid meter	R 719.30	R 898.68
Three phase prepaid meter	R1 666.67	R2 087.69
Moving of connection	R 850.88	R 1 003.35
New ready board and keypad	R1 517.55	R1 895.71
Replacement of cable	R 850.88	R 1 003.35
Repair of cable (damaged by owner)	R 377.20	R 444.27
Temporary connection if service is available	R 578.95	R 730.23
Three phase (town houses)	R1 043.86	R1 339.53
Testing of kWh meter	R 315.79	R 357.89
Testing of prepaid meter	R 201.76	R 226.60
Moving kWh meter from house to stand boundary	R 719.30	R 898.68
Damaged keypad prepaid meter	R 526.32	R 660.00
Prepaid meter and relay	R1 447.37	R1 845.05
Ripple relay	R 692.99	R 898.02
Electrical installation test (1'st free)	R 219.30	R 250.00
Sewer		
100mm - 3m max	R 2 877.19	R 3164.92
All other to be calculated independently (longer than 3m and larger pipe diameters)		

Printing price list - Technical Services

	2009/2010	2010/2011
PAPER		
A0	R 35.31	R 35.09
A1	R 17.65	R 18.42
A2	R 10.09	R 10.53
A3	R 3.04	R 3.50
A4	R 1.52	R 1.75
<u>Durester</u>		
A0	R120.05	R 127.19
A1	R 60.52	R 63.16
A2	R 33.80	R 35.09
A3	R 17.65	R 18.42
A4	R 9.58	R 10.53
<u>Film</u>		

A0	R 87.26	R 92.10
A1	R 57.50	R 61.40
A2	R 30.76	R 31.58
A3	R 15.13	R 15.79
A4		R 8.77
A4 Fax send/received(Private)		R10.00

Social Services

(a)	D P de Villiers Stadium	2009/2010	2010/2011
	Rental of halls		
	Stadium Hall		
	Resident : meetings	R150 per hour	R180 per hour
	Non-Resident : meetings	R300 per hour	R360 per hour
	Functions	R400,00	R480,00
	Churches and schools	half price	half price
	Club complex Hall		
	Resident : meetings	R 50,00/ hour	R 60,00/ hour
	Non-Resident : meetings	R100,00/hour	R120,00/hour
	Functions	R200,00	R240,00
	Churches and schools	half price	half price
	Athletics		
	Schools sport meeting		
	Morning session 07:00 - 13:00	R660,00	R790,00
	Afternoon session 13:00 - 19:00	R660,00	R790,00
	Lights to switch on first 2 hours	R300,00	R360,00
	Then per half hour	R80,00	R95,00
	Non Residents (Free State)		
	Morning session 07:00 - 13:00	R825,00	R990,00
	Afternoon session 13:00 - 19:00	R825,00	R990,00
	Lights to switch on first 2 hours	R300,00	R360,00
	Then per half hour	R 80,00	R 95,00
	Schools in Gauteng		
	Morning session 07:00 - 13:00	R1 100,00	R1 320,00
	Afternoon session 13:00 - 19:00	R1 100,00	R1 320,00
	Lights to switch on first 2 hours	R300,00	R360,00
	Then per half hour	R80,00	R95,00
	Provincial Meetings		
	Morning session 07:00 - 13:00	R1 650,00	R1 700,00
	Afternoon session 13:00 - 19:00	R1 650,00	R1 700,00
	Lights to switch on first 2 hours	R300,00	R360,00
	Then per half hour	R 80,00	R 95,00

National Meetings		
Morning session 07:00 - 13:00	R2 200.00	R2 640.00
Afternoon session 13:00 - 19:00	R2 200.00	R2 640.00
Lights to switch on first 2 hours	R300.00	R360.00
Rental of Electronic Timing Equipment		
Electronic Timing Equipment per session	R600,00	R720,00
Training sessions		
<u>Pre-determined practice periods</u>		
Training at the stadium will only be allowed after payment of R250,00 per annum as well as purchase of proxy card at R37,00 per athlete training. Cards will only be sold to contributing schools/clubs/instances. Purchase card at R37.00 for student and other person.		
School Rugby, School league all rugby fields as available.		
Resident per session/season	R200,00	R240,00
Non-resident per session/season	R300,00	R360,00
Provincial Games		
	R1 000.00	R1 200.00
	Per day	Per day
Lights to switch on first 2 hours	R300,00	R360,00
Then per half hour	R80,00	R95,00
National and International Games		
Soccer meetings (outside stadium)	R2 000.00	R2 400.00
Resident per session/season	R200,00	R240,00
Non-resident per session/season	R300,00	R360,00
Soccer meetings (inside stadium)		
Morning session 07:00 - 13:00	R550,00	R660,00

	Afternoon session 13:00 - 19:00 Lights to switch on first 2 hours Then per half hour	R550,00 R300,00 R80,00	R660,00 R360,00 R95,00
	Cross Country A Field Outside Field Stadium Hall	R600,00 p day R200,00 p day R500,00 p day	R720,00 p day R240,00 p day R600,00 p day
	Dog show Resident per session Non-resident per session	R200,00 R300,00	R240,00 R360,00
(b)	Sasolburg show ground Cricket pitch (Not maintained) Halls (Rented out by agreement)		
(c)	Sports facilities Penny Heyns : Adults: Season tickets : Day tickets Children : Season tickets : Day tickets	R130,00 R 13,00 R 65,00 R 6,50	R141,00 R 14,00 R 68,00 R 6,80
	School Galas Morning session 07:00 - 13:00 Afternoon session 13:00 - 19:00 Lights to switch on first 2 hours Then per half hour	R300,00 R300,00 R300,00 R80,00	R315,00 R315,00 R315,00 R84,00
	Clubs/ Social clubs Occasion	R800,00 without touch pad	R840,00 without touch pad
	Training sessions Pre-determined practice periods	Training at the swimming pool will only be allowed after payment of R300 per annum as well as purchase of seasonal tickets per swimmers training	Training at the swimming pool will only be allowed after payment of R315 per annum as well as purchase of seasonal tickets per swimmers training

(d)	<u>Zamdela Swimming Pool</u>		
	: Adults : Season tickets	R70,00	R73.50
	: Day tickets	R 7,00	R 7,35
	: Children : Season tickets	R 40,00	R 42,00
	: Day tickets	R 5.00	R 5.25
	School Galas		
	Morning session 07:00 - 13:00	R200,00	R210,00
	Afternoon session 13:00 - 19:00	R200,00	R210,00
	Lights to switch on first 2 hours	R300,00	R315,00
	Then per half hour	R80,00	R84,00
	Clubs/ Social clubs		
	Occasion	R800,00 without touch pad	R840,00 without touch pad
	Training sessions		
	Pre-determined practice periods	Training at the swimming pool will only be allowed after payment of R300 per annum as well as purchase of seasonal tickets per swimmers training	Training at the swimming pool will only be allowed after payment of R300 per annum as well as purchase of seasonal tickets per swimmers training
	Cemeteries		
	Zamdela : Adult : Resident	R250.00	R270.00
	: Non Resident	R1 000.00	R1 100.00
	Children : Resident	R200.00	R210.00
	: Non resident	R800.00	R840.00
	Deneysville:		
	Refengkgotso / Metsimaholo :		
	: Adults : Resident	R250.00	R270.00
	: Non Resident	R1 000.00	R1 100.00
	Resident		
	: Children : Resident	R200.00	R240.00
	: Non Resident	R800.00	R840.00
	Resident		
	Sasolburg:		
	: Adults : Resident	R750.00	R790.00
	: Non Resident	R2 970,00	R3120,00
	Resident		
	: Children : Resident	R495,00	R520,00

	:Non	R2 070,00	R2 170,00
	Resident		
	Oranjeville:		
	: Adults : Residents	R250.00	R270.00
	: Non	R1 000.00	R1 200.00
	Residents		
	: Children : Residents	R200.00	R240.00
	: Non	R800,00	R840,00
	Residents		
	<u>Indigents</u>		
	Approved as per Metsimaholo Local Municipality policy	Free	Free
	<u>Urns in Walls of Remembrance</u>		
	Residents	R 600,00	R 630,00
	Non Residents	R2 475,00	R2 600,00
	Placing of urn in existing grave:		
	Residents	R150,00	R160,00
	Non Residents	R165,00	R170,00
	<u>Stack Burials:</u>		
	Two coffins in one grave		
	Residents	Double price of one	R900.00
	Non- Residents		R3 120.00
(e)	Halls		
	Zamdela/Refengkgotso/		
	Metsimaholo		
	Church Service and meetings		
	Morning session 07:00 - 13:00	R300,00	R360,00
	Afternoon session 13:00 - 19:00	R300,00	R360,00
	Extra hour	R100,00	R120,00
	Kitchen use	R100,00	R120,00
	Music/Jazz and others		
	Morning session 07:00 - 13:00	R550,00	R660,00
	Afternoon session 13:00 - 19:00	R550,00	R660,00
	Extra hour	R150,00	R180,00
	Kitchen use	R150,00	R180,00
	Funeral service and memorial service		
	Morning session 07:00 - 13:00	R250,00	R300,00
	Afternoon session 13:00 - 19:00	R250,00	R300,00
	Extra hour	R100,00	R120,00
	Kitchen use	R100,00	R120,00
	Political meetings		
	Morning session 07:00 - 13:00	R100,00	R120,00

Afternoon session 13:00 - 19:00	R100,00	R120,00
Extra hour	R50,00	R60,00
Kitchen use	R50,00	R60,00
Season 2 meetings per month	R300,00	R360,00
Government structures		
Morning session 07:00 - 13:00	R200,00	R200,00
Afternoon session 13:00 - 19:00	R200,00	R200,00
Extra hour	R50,00	R50,00
Kitchen use	R50,00	R50,00
Welfare	R300.00	R360.00
Deposit		
Music/Jazz and others	R1 000,00	R1 200,00
All other	R200,00	R240,00

(f)	Etienne Rousseau Theatre	2009/2010	2010/2011	PERIOD COVERED
	Promotion of the Arts (use of theatre for music, dance or drama) Hire of theatre by artist / group for show.	R2 500.00	R2 625.00	Per day (until 1 hour after show ends)
	For matinee	R500.00	R525.00	Same day
	Hire of theatre by local educational institution or church or charity for presentation of a show.	R800.00	R1 000.00	Per day (until 1 hour after show ends)
	For additional matinee.	R300.00	R400.00	
	Hire of theatre by educational Institution or charity for an event such as a prize giving or pageant	R1 000.00	R1 250.00	Per day (until 1 hour after show ends)
	Hire of foyer for art exhibitions	R600.00	R850.00	Per day
	Hire of stage only e.g. dance or drama workshops	R500.00	R600.00	Per day
	Hire of foyer for function related to show / event presented in auditorium	R300.00	R500.00	Per day
	Hire of theatre non arts related activities/business			
	Hire of theatre for meeting	R2 500.00	R2 625.00	Per morning (8:00 – 13:00), afternoon (13:00 – 18:00) or evening (17:00 – 22:00)
	Hire of foyer only for meeting or function	R1 000.00	R1 200.00	Per morning (8:00 – 13:00), afternoon (13:00 – 18:00) or evening

	Other tariffs Commission on all ticket sales Commission on the sale of articles exhibited Rehearsals Preparation/dismantling of stage, sets, sound, lighting Hire of piano, special curtains, special effects, theatre equipment Other services: Piano tuning Special effects Newspaper advertisements Dressers / Hair stylists Sundays Cleaning of theatre and grounds	10% 12,5% 10% 12,5% R50,00 R70,00 R45.00 As per schedule Actual cost Double cost Discretionary	10% 12,5% 10% 12,5% R100,00 R100,00 R55.00 As per schedule Actual cost Double cost Discretionary	(17:00 – 22:00) Category 2.3 Category 1 Category 2.3 Category 1 Per hour between 8:30 and 16:00 Per hour between 16:00 and 22:30 and Saturdays Per hour
(g)	Abrahams rust recreation resort Season tickets (only residents) Pensioners (age 60 years) Metsimaholo workers and Councillors with proof Non-residents registered power boat / caravan owners: Non-residents Second vehicle	R440,00per annum/ motor vehicle/motor cycle/power boat R220,00/ second motor vehicle/motor cycle R160,00 for 1 ticket per family R160,00 for 1 ticket per family R760,00 / annum per vehicle / power boat R760	R440,00per annum/ motor vehicle/motor cycle/power boat R220,00/ second motor vehicle/motor cycle R80,00 for 1 ticket per family R160,00 for 1 ticket per family R760,00 / annum per vehicle / power boat R760	
	<u>Entrance fees</u> (Day visitors)			
	Season ticket holders :	Free(Vehicle & 6 passengers,1 visit per day)	Free(Vehicle & 6 passengers,1 visit per day)	
	Other visitors	R60,00/day/ vehicle	R60,00/day/ vehicle	

		R50,00/day/per son older than 6 years 0-6 years R20,00	R52.50/day/pe rson older than 6 years 2-6 years R21,00
		R150,00/day/ power boat R300/Day/bus Motorbike not allowed /rally	R150,00/day/ power boat R315/Day/bus Motorbike not allowed /rally
	<u>Caravan and tent sites</u>		
	Season ticket holders/rallies (10-29 caravans)	R120,00 / caravan/ night	R126,00 / caravan/ night
	Pensioners/Rallies(30 and more caravans)	R100,00 / caravan /night	R105,00 / caravan /night
Non-season ticket holders		R240,00 / caravan/ night	R252,00 / caravan/ night
	<u>Caravan and tent sites</u>	<u>without</u> power sockets/not exceed 6 people	<u>without</u> power sockets/not exceed 6 people
	Season ticket holders/rallies(10-29 caravans)	R110,00 / caravan/ night	R115.50 / caravan/ night
	Pensioners/rallies(30 and more caravans)	R80,00 / caravan / night	R84,00 / caravan / night
	Non-season ticket holders	R160,00 / caravan/ night	R230,00 / caravan/ night
	<u>Chalets</u>		
	Small type 2-bed Large type 4-bed Luxury chalets Chalet A Chalet B (with lapa)	R500,00 R600,00 R800,00 R900,00	R500,00 R630,00 R800,00 R900,00
	Park home 6 bed	R500,00	R500,00
	Refundable key deposit	R250,00	R262.50
	<u>Lapa</u> With shelter per function	R500,00 plus entrance fee	R525,00 plus entrance fee
	Without shelter per function	R400,00 plus entrance fee	R420,00 plus entrance fee
	Hall	R400,00	R500,00

(h)	Rental of resort for event		R100 000
	Deposit for event		R20 000
	<u>Moses Kotane Stadium</u>		
	<u>Athletics</u>		
	In-house school sport		
	Morning	R250.00	R262.50
	Afternoon	R250.00	R262.50
	Lights to switch on first 2 hours	R200.00	R210.00
	Then per half hour	R80.00	R84.00
	Practice session	R100.00/school/season	R105.00/school/season
	Soccer:		
	Schools	R200.00/school/season	R210.00/school/season
	Other soccer games	15% of entrance fee minimum of	15% of entrance fee minimum of
	Morning	R250.00	R262.50
	Afternoon	R250.00	R262.50
	Evening	R250.00	R262.50
	Lights to switch on first 2 hours	R200.00	R210.00
	Then per half hour	R80.00	R84.00
	Practice inside stadium	R150.00/hour	R157.50/hour
	Coaching development team and soccer clinics	R80.00 per occasion	R84.00 per occasion
	Practice outside fields	R150.00/season twice weekly	R157.50/season twice weekly
	Schools	R120.00/season twice weekly	R126.00/season twice weekly
	Social games	R150.00 per occasion	R157.50 per occasion
	Other facilities		
	Netball/Basketball and Tennis		
	Morning session	R80.00	R84.00
	Afternoon session	R80.00	R84.00
	Stadium Hall		
	Sport clubs and cultural groups (by pre-arrangement)	R80.00	R84.00
	Non sporting events Inside the stadium		
	Entrance income	15%	15%
	Refundable Damage fee	R1 500.00 15% of entrance fee minimum of	R1 575.00 15% of entrance fee minimum of

(i)	Fire and Rescue	2009/2010	2010/2011
I	<u>Extinguishing of fires (excluding grass-bush and rubbish fires)</u>		

(a)	Call out fee		
	Industrial Fire (High Risk)	R1 000.00	R1050.00
	Industrial Fire (Low Risk)	R500.00	R525.00
	Residential	R250.00	R262.50
	Institutions	R250.00	R262.50
	Public Assembly	R250.00	R262.50
	Commercial	R250.00	R262.50
	Storage	R250.00	R262.50
	Shack or Informal housing (Flat rate) all costs included	R50.00	R52.50
	Heavy Motor Vehicle Fire	R250.00	R262.50
	Motor Vehicle, Motor Bike, trailer with content	R100.00	R105.00
	Lamp or Electrical Poles (Council property excluded)	R100.00	R105.00
	Transformers (Council property excluded)	R250.00	R262.50
(b)	Personnel		
	Per Senior Officer	R130.00	R136.50
	Per Officer	R110.00	R115.50
	Per Senior Fireman	R100.00	R105.00
	Per Fireman	R80.00	R84.00
(c)	(Times to be calculated from the time that the personnel left the Station until the fire has been reported as extinguished).		
(d)	Vehicles		
	Per vehicle or per fire pump per hour or part thereof calculated from the time that the vehicle has left the Station until the fire has been reported extinguished.	R367.38	R385.75
(e)	Material used		
	Real cost of the fire extinguishing material used including VAT and as certified by the Chief Fire Officer plus 20%.		
II <u>Grass, bush and rubbish fires</u>			
(a)	Rubbish Fires	R250.00	R262.50
	Bales of feed or Hay stack (up to 50 cubic meters)	R500.00	R525.00
	Bales of feed or Hay stack (more than 50 cubic meters)	R1 000.00	R1 050.00
(b)	Personnel		
	Per Senior Officer	R88.00	R92.40
	Per officer	R110.00	R115.50
	Per Senior Fireman	R100.00	R105.00
	Per Fireman (Times to be calculated from the time that the personnel left the Station until the fire has been reported as extinguished)	R80.00	R84.00
(c)	Vehicles		
	Per vehicle or per fire pump per hour or part thereof calculated from the time that the vehicle has left the Station until the fire has been reported extinguished.	R367.38	R385.75
(d)	Material used		
	Real cost of the fire extinguishing material used including VAT and as certified by the Chief Fire Officer plus 20%.		

III	<u><i>Special services (Dangerous goods etc).</i></u>		
(a)	Call out Fee	R1 000.00	R1 050.00
(b)	Personnel		
	Per Senior Officer	R160.00	R168.00
	Per officer	R200.00	R210.00
	Per Senior Fireman	R180.00	R189.00
	Per Fireman	R140.00	R147.00
(c)	Vehicles		
	Where the services of a Fire Pump is needed (per hour or part thereof calculated from the time the vehicle left the station until the service is reported to be completed.	R700.00	R735.00
	Per kilometre (Travelled to and from the time of pump per hour)	R6.00	R6.30
	Per portable pump (Real working time of pump per hour)	R100.00	R105.00
	Per Fire Hose (per hour of part thereof)	R20.00	R21.00
	Per ladder used per call	R100.00	R105.00
	Real cost (VAT) inclusive for consumable material used plus 20% as certified by the Chief Fire Officer.		
	For the protection or rescue of life, no fees to be charged.		
IV	<u><i>Protection services (Standby Services)</i></u>		
	Where the presence of the Fire Department is compulsory with Fire pump and crew, the company responsible for the situation will be liable for the account.		
(a)	Call out Fee	R1 000.00	R1 050.00
(b)	Personnel		
	Per Senior Officer	R260.00	R273.00
	Per officer	R220.00	R231.00
	Per Senior Fireman	R200.00	R210.00
	Per Fireman	R160.00	R168.00
(c)	Vehicles		
	Where the services of a Fire Pump is needed (per hour or part thereof calculated from the time the vehicle left the station until the service is reported to be completed.	R700.00	R735.00
	Per kilometre (Travelled to and from the incident per utility vehicle)	R6,00	R6.30
	Per portable pump (Real working time of pump per hour)	R100.00	R105.00
	Per Fire Hose (per hour of part thereof)	R20.00	R21.00
	Per ladder used per call	R100.00	R105.00
	Real cost (VAT) inclusive for consumable material used plus 20% as certified by the Chief Fire Officer.		
V	<u><i>Filling of swimming pools and water tanks</i></u>		

	Hydrants must be within 90m from swimming or tank basic levy	R500.00	R525.00
	Per Fire Hose per hour period or part thereof	R20.00	R21.00
	Per Officer	R220.00	R231.00
	Per Senior Fireman	R200.00	R210.00
	Per Fireman	R160.00	R168.00
	Per kilometre (calculated to and from the address per utility vehicle)	R6.00	R6.30
	If a fire truck is required per hour or part thereof	R700.00	R735.00
	The cost of the water as per ruling levy on residences on Sundays and Public holidays.	(Double the normal tariffs)	(Double the normal tariffs)

VI	<i>Other Services</i>		
(a)	Attendance of Fireman in terms of section 14 of the standard by-laws relating to Fire Brigade Services: Per entertainment, recreation meeting or other event provided that in the case of any variety entertainment or stage show conducted on schools premises or in a public hall in aid of school funds, no charges shall be charged for the attendance of a Fireman. Per Officer Per Senior Fireman Per Fireman	R200.00 R220.00 R200.00 R160.00	R210.00 R231.00 R210.00 R168.00
(b)	Pumping of water from property:		
1	Light pump with a capacity of up to 1125 l/min per hour or part thereof	R700.00	R735.00
2	Medium pump with a capacity of up to 2250 l/min per hour or part thereof	R700.00	R735.00
3	Heavy pump with a capacity of up to 4500 l/min per hour or part thereof	R700.00	R735.00
	Per Officer Per Senior Fireman Per Fireman	R220.00 R200.00 R100.00	R231.00 R210.00 R105.00
(c)	Using Compressor per hour or part thereof	R55.00	R57.75
	Per Officer Per Senior Fireman Per Fireman	R220.00 R200.00 R160.00	R231.00 R210.00 R168.00
(d)	Emergency Rescue unit per hour or part thereof		
	Per Officer Per Senior Fireman Per Fireman	R220.00 R200.00 R160.00	R231.00 R210.00 R168.00
(e)	Any other duty not mentioned under item VI per hour or part thereto		

	Where the services of a Fire pump is needed (per hour or part thereof calculated from the time the vehicle left the station until the service is reported to be completed).	R700.00	R735.00
	Per kilometre (Travelled to and from the incident per utility vehicle)	R6.00	R6.30
	Per Officer	R220.00	R231.00
	Per Senior Fireman	R200.00	R210.00
	Per Fireman	R160.00	R168.00
(f)	Firebreaks per hour or part thereof Where the services of a Fire pump is needed (per hour or part thereof calculated from the time the vehicle left the station until the service is reported to be completed).	R500.00 R367.38	R525.00 R385.75
	Per Officer	R220.00	R231.00
	Per Senior Fireman	R200.00	R210.00
	Per Fireman	R160.00	R168.00
(g)	Special Service Refilling of cylinders(SCBA) Issuing of Dangerous Goods Certificate Issuing of Fire Certificate in business Basic Fire Fighter Training Renting of Lecture Room Renting of Lecture Room Extra hour Kitchen use		R35.00 per cylinder R250.00 per unit (yearly) R250.00 per business (yearly) R250.00 per person R300.00 per Morning session R300.00 per afternoon session R100.00 R100.00

J	Traffic Services	2009/2010	2010/2011
	<u>Abnormal loads escorts and excavations</u>		
	Per Officer (Per hour or part thereof)	R100.00	R105.00
	Per Officer Overtime (Per hour or part thereof)	R220.00	R231.00
(a)	Sport Meetings		
	Per Officer (Per hour or part thereof)	R150.00	R157.50
	Per Officer Overtime (Per hour or part thereof)	R225.00	R236.25
(b)	Impounded Vehicles		

Hitching of vehicles	R450.00	R472.50
Towing of the vehicle	R300.00	R315.00
Tracing of the owner	R750.00	R787.50
Storage Fees (Per day excluding first and last day)	R200.00	R210.00

DIVISION	R 2009/10	R 2010/11
Economic Development		
NO tariffs recommended		
Leases - General:		
- Rental arrangements as agreed per contract	Contractual	Contractual
Containers at Zamdela Taxi Rank	R100.00 p.m.	R115.00 p.m.
Housing and Property Management Services		
Leases - General:		
- Rental arrangements as agreed per contract	Contractual	Contractual
<u>Thembaletu Hostel (141 x 101.02 m² units)</u>		
Block A - 24 x units (shower & bath)	R975.00 p.m.	R1`000.00 p.m.
Block B - 18 x units (shower & bath)	.R975.00 p.m.	R1`000.00 p.m.
Block C - 24 x units (shower)	.R885.00 p.m.	R900.00 p.m.
Block D - 18 x units (shower)	.R885.00 p.m.	R900.00 p.m.
Block E - 30 x units (shower)	.R885.00 p.m.	R900.00 p.m.
Block F - 9 x units (shower)	.R885.00 p.m.	R900.00 p.m.
Block F - 18 x units (shower)	.R885.00 p.m.	R900.00 p.m.
Single Units - 18 x beds (6 x flats with 3 x bedrooms)	R380.00 p.m.	R400.00 p.m.
(Other)		
Tuck shop / Churches (62 m ²)	R70.00 p/day	R75.00 p/day
Tuck shop / Milk depot (13 m ²)	R65 p.m.	R70.00 p.m.
Tuck shop / F Shai (22 m ²)	R145 p.m.	R150.00 p.m.
Tuck shop / M Kok (22 m ²)	R145 p.m.	R150.00 p.m.

Tuck shop / L Tau (22 m ²)	R145 p.m.	R150.00 p.m.
Tuck shop / Dry Cleaners (37 m ²)	R145 p.m.	R150.00 p.m.
Tuck shop / Hair Saloon (41 m ²)	R145 p.m.	R150.00 p.m.
Tuck shop / Upholsterer (46 m ²)	R145 p.m.	R150.00 p.m.
Tuck shop / Dressmaking (80 m ²)	R145 p.m.	R150.00 p.m.
Tuck shop / Crèche (197 m ²)	R60 p.m.	R65.00 p.m.
Tuck shop / Video Shop (207 m ²)	R165 p.m.	R170.00 p.m.
<u>HOSTELS</u>		
Hostel 1 = 377 units Hostel 2 = 330 units Hostel 3 = 389 units Hostel 4 = 112 units Phomolong = 40 units		
- Fixed Hostel Rent / Tariff of R135.00 plus water consumption;	R135.00 p.m. plus R135.00 p.m. water consumption	<i>R135.00 p.m.(rent)plus water consumption</i>
- Fixed Hostel Rent / Tariff for purposes of a maximum of 4 single persons sharing a rental unit, that each single should contribute individually and that the rental amount of R135.00 pm. plus water consumption be divided by the number of persons sharing / occupying the unit)	R 67.50 per single person sharing (water consumption included)	<i>Status quo to be maintained R135.00 p.m.(rent)plus Water consumption Divided by number of people sharing</i>
<u>ALIENATION OF LAND</u>		
Temporary allocation of land not exceeding 21 days (such Circuses / Churches for spiritual revivals / church outreaches)	Not yet determined	R25.00 / day
Temporary leases for parking purposes on open portions of land		R4.39/per day per parking bay of 40 m ²
Cattle owners Leases - grazing	R200.00 (Two Hundred Rand – VAT Included) per month, for each person	R210.00 (Two Hundred & Ten Rand – VAT Included) per month, for each person
<u>Urban Planning</u>		
Rezoning	R300.00 / application	R320.00 / application

Subdivision	R300.00 / application	R320.00 / application
Consolidation	R300.00 / application	R320.00 / application
Consent uses	R2`000.00 / application	R2`100.00 / application
Zoning Certificates	R100.00 / application	R110.00 / application
Building Plan: Approval Fee	R250.00 / application R15.00 / 10m for the first 1`000 m R13.00 / 10m for the following 1`000 m – namely 1`001 to 2`000 m R11.00 / 10m for the following 1`000 m – namely 2`001 m to 2`999 m	R260.00 / application R16.00 / 10m for the first 1`000 m R14.00 / 10m for the following 1`000 m – namely 1`001 to 2`000 m R12.00 / 10m for the following 1`000 m – namely 2`001 m to 2`999 m

Internal alterations on building plans	R250.00	R260.00
Swimming pools	R250.00	R260.00
Shade nets	R250.00	R260.00
Boundary walls	R250.00	R260.00
Permits	R250.00	R260.00
Signage	R250.00	R260.00
Inspection fee (farms / plots)	R400.00 / plan	R420.00 / plan
Building clause certificates	R250.00	R260.00
Billboards	R30.00 / m ²	R32.00 / m ²
Encroachments fees	<i>To be determined</i>	<i>To be determined</i>
Penalties	<i>To be determined</i>	<i>To be determined</i>

11. Disclosure on Salaries, Allowances and Benefits

	Salary	Social Contributio ns	Allowances	Additional Transport	Performance Bonuses	Total Package
	Rand pa	Rand pa	Rand pa		Rand pa	Rand pa
<u>Disclosure of salaries, allowances & benefits</u>						
<u>Councillors</u>						
Mayor	416 260		138 752	253 048		842 310
(Mayor 2009/2010)	(355 400)	(53 310)	(117 846)	(231 944)		(758 500)
Speaker	339 950	55 455	233 600			629 005
(Speaker 2009/2010)	(272 220)	(53760)	(207 590)			(533 .570)
Members of Mayoral Committee (7)	2 127 790	161 630	1 548 700			3 838 120
Members of Mayoral Committee 2009/2010)	(1 840 240)	(301 350)	(1 382 270)			(3 523 890)
Total all other Councillors	3 397 480	309 210	1 752 970			5 459 660
(Total all other Councillor)s	(2 929 300)	(382 050)	(1 565 590)			(4 876 940)
<u>Officials of the Municipality</u>						
Municipal Manager(MM)	791 366	87 988	239 099		100 000	1 218 453
Chief Financial Officer	634 571	9 205	237 899		80 000	961 675
List of senior manager reporting to MM by designation						
Director Social Services	455 850	186 671	137 359		80 000	859 880
Director Technical Services	579 352	59 311	153 390		80 000	872 053
Director Economic Development and Planning	750 000				80 000	830 000
Director Organisational Development and Corporate Services	610 031	32 546	239 099		80 000	961 676
TOTAL COST OF REMUNERATION TO MUNICIPALITY	10 102 650	902 016	4 715 118	253 048	500 00	16 472 832

NOTES

1. Total package must equal the total cost to the municipality.
2. Social contributions included pensions, medical aid, etc.

12. Measurable Performance Objectives and SDBIP's

This section will be completed after approval of the draft budget.

Included in this section is a summary of annual measurable performance objectives for votes (directorates). Annual performance objectives are converted into quarterly targets for the Service Delivery and Budget Implementation Plan (SDBIP) and will be audited in terms of the annual performance report required by the Systems Act (refer also to chapters 2 and 5 of the annual report as per MFMA circular 11).

13. Disclosure on Implementation of MFMA

This section provides disclosure regarding progress in implementing various related legislation including the MFMA and how this affects the budget and budget process.

MFMA Implementation and Monitoring Checklist

The municipality is generally complying for the majority of the implementation priorities as per the National Treasury implementation and monitoring checklist. This checklist is updated quarterly and submitted to National Treasury.

Below is a summary of progress against the plan.

No.	Implementation priority as per NT template	Progress
1	Preparing an implementation plan	100%
2	Allocating appropriate responsibilities under the MFMA to Accounting Officer	100%
3	Establishing a top (senior) management team	100%
4	Implementing appropriate controls over municipal bank accounts and cash management	100%
5	Meeting of financial commitments	70%
6	Reporting revenue and expenditure	90%
7	Supply chain management	50%
8	Implementing reforms in relation to municipal entities and long-term contracts	100%
9	Completing financial statements and advising National Treasury	100%
10	Completing and tabling annual report	75%
11	Complying with provisions for tender committees, boards of municipal entities and in relation to forbidden activities	80%
12	Complying with provisions for internal audit and audit committees	70%
13	Complying with provisions for budgets	80%
14	Information to be placed on website	90%

MFMA returns

All MFMA and DORA returns are submitted by the municipality as required monthly, quarterly and annually.

Name of return	Submitted to
MONTHLY	
Financial Management Grant	NT/PT
Age Analysis Debtors (AD) and Creditors (AC), Cash Flow, Operating Statement Actuals (OSB)	NT/PT
Section 71 Budget Statements	PT/NT
Supply Chain Management	NT/PT
MIG returns	NT/PT
Equitable Share	NT/PT
Conditional Grants returns	NT/PT
Debt returns	PT
QUARTERLY	
MFMA Implementation and monitoring checklist	NT/PT
Municipal entities	NT/PT
Public Private Partnerships	NT/PT
Long-term contracts	NT/PT
Borrowing	NT/PT
ANNUALLY	
Budget tables return	NT/PT
Operating Statement Budget (OSB)	NT/PT

Audit units and audit committees

The internal audit function of the municipality was outsourced to an external service provider until the end of the 2005/06 financial year. There is a process currently underway to perform this function in-house. The function is performed partially due to serious staff shortages.

The municipality has an audit committee in place comprising of independent members as required by section 166 of the MFMA.

Risk management

The municipality have an updated risk management strategy and plan in place.

Implementation of SCM

The new supply chain management policy of the municipality, in line with the MFMA and national treasury prescripts, was adopted by council in July 2005.

All bid committees as required by the SCM regulations are in place and the bid adjudication is chaired by the chief financial officer and operates within delegated powers.

Effectiveness of audit steering committees

The audit steering committees is an ad-hoc committee established during the planning and execution of the annual audit. The committee usually comprise of officials of the municipality and the Auditor-General team performing the audit.

Reduction of short-term debt

This regulation is not applicable to the municipality as overdraft facilities are managed within the context of section 45 of the MFMA relating to short-term debt.

Tabling of section 71 reports

Section 71 reports are submitted to the mayor and also forwarded to provincial treasury on a monthly basis. Further the reports are forward to the Municipal Manager and MMC Finance.

Delegations

All delegations are in place and council approved the generic financial delegations in November 2006.

Performance agreements

The new performance agreements for 2010/2011 will be finalised after the SDBIP has been approved.

Implementation of GRAP/GAMAP

The key challenges for implementation of GRAP/GAMAP requirements are the following:

- Asset Register. Full compliance to IAS and GRAP not achieved, to be compliant 30 June 2011.
- Impairment of assets not yet done - 30 June 2011
- Investment property guidelines not yet implemented - 30 June 2011
- Employee benefits not fully captured. 30 June 2010 (Medical Aid and Pension).
- Unbundling of PPE as per guidelines 30 June 2011.
- Not all stands are transferred in terms of housing scheme - needs to be sorted out for inventories 30 June 2011
- All lease information not yet available for asset register 30 June 2011
- Long term loans and Debtors impaired.

- Billing information to be updated to accurate information for statements.
- Debtors and creditors to be discounted/fair valued. Insufficient information is available on system to make this possible 30 June 2010

Cost implications

Cost implications have been investigated and the following major costs need to be incurred.

1	Asset Register - Fully GRAP compliant	R2, 5 million	
2	Debtors fair value	R1 million	
3	Long-term debtors and creditors	Included in 2	
4	Revenue	Included in 2	
5	Accounting standards – Sundry	Included in 2	
6	Accurate Billing information	R2 million	Data Clean partly financed by FDDM

Development of accounting policies

Several accounting policies have been developed to ensure the requirements of Circular 36 are complied with.

The further development of accounting policies will be guided with exemptions as agreed with National Treasury on an annual basis.

Inventories - unsold water

The inventories of unsold water are available from the Technical Section responsible. The water in “stock” is ± 45 mega litre and recorded daily. The reservoirs and pipes will be subject to stock taking on 30 June 2010. The detail of water losses need to be investigated to see if these stock levels needs to be impaired for the resale value of the water. The information is in the process to be updated.

Asset register

The Asset register was previously compiled by several companies. The most important fact is that the compliance requirements of an itemised asset register for moveable assets by 1 July 2007 was complied with by the municipality in May 2009. The compliance of moveable to GAMAP and IAS Standards was funding by the District Council in 30 June 2009. The physical asset count will be performed and communicated by the external service provider. The unbundling of PPE as well as impairment and investment property guidelines will need to be addressed in 2010/2011.

The REDS (finalised) process will finalise a major component of the GRAP requirements.

14. Summary of Detailed Capital Plan

	2010/11	2011/12	2012/13
	R'000	R'000	R'000
Council/Speaker/Councillors	1 000		
Municipal Manager	6 365	6 436	5 001
Organisational Development & Corporate Service	3 852	1 659	1 731
Social Services	35 930	67 333	80 064
Technical Services	123 139	108 674	72 795
Streets and Storm water	56 019	37 750	27 500
Sewerage	9 103	11 290	4 500
Water supply	19 235	4 900	2 650
Electricity supply	24 421	43 509	27 145
Mechanical Workshop	383	225	0
Buildings	49	1 000	1 000
Administration	13 929	10 000	10 000
Financial Services	1 966	715	708
Economic Planning and Development	172 065	166 625	12 235
TOTAL	344 317	351 441	172 534

See Annexure A for detailed capital plan

15 Contracts having future budgetary implications

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
	R'000	R'000	R'000	R'000	R'000	R'000
Ukwai Force		3 044	2 434	5 100	5 500	6 000
Mollenaar and Griffiths	2	8		200	220	150
Niel de Klerk contact end June 2012	5 104	795	275	1000	1 100	

**STATE OF THE MUNICIPAL ADDRESS DELIVERED BY THE
EXECUTIVE MAYOR , COUNCILLOR BRUTUS MAHLAKU AT THE
CIVIC CENTRE IN SASOLBURG ON THE 04TH JUNE 2010.**

Mr.Speaker

Members of the Mayoral Committee

Councilors

Our Municipal Manager, Xolela Msweli and his Senior Management Team

Members of the Public

Members of the Media

Ladies and Gentlemen

In one of his writings, the President of the United States of America, Barack Obama says:

“Change will not come if we wait for some other person or some other time. We are the ones we have been waiting for. We are the change that we seek.”

These words, honorable Speaker, are so relevant to the budget of Metsimaholo Local Municipality this financial year, as we shall hear during the State of the Municipal Address in this chamber this afternoon.

Honorable councilors and all of you sitting in this chamber, it is with pride and a great sense of purpose that I stand here and deliver this address. In order to grasp the role of this municipality, Mr. Speaker, it is important to remind our councilors, officials and the House at large once more that our Vision is:

“Striving to be a leading municipality in delivering effective, affordable and sustainable quality services to its communities.”

And our Mission:

- Having proper systems and processes
- Setting standards and being accountable
- Ensuring a sustainable, affordable and effective service delivery
- Communicating
- Capacity building of staff and communities
- Promoting proper planning and implementation of projects and programmes.

Mr.Speaker, I fully agree that our municipality continues to be challenged by the need to strive for greater cohesion and stronger unity irrespective of race, gender, religion, culture and political philosophy and contribute to creating a better society and improved quality of life.

Honorable Speaker, when I addressed councilors, officials and the public in the very same Council Chamber last year on the occasion of our State of the Municipal Address , we committed to strengthen our municipality's ways of working in order to be more effective and efficient in our service delivery and transformation mandate. What is of utmost importance is to build a homogeneous Metsimaholo municipality on the basis not of colour but of human values. I am sure we are all up to the challenge, Working together, we can do more.

The 2010/2011 Budget, that we are delivering today, before this Council are tools that will assist us to achieve this transformation mandate and change the lives of our people for better. They are tools that will guide us in becoming responsive to the needs of the communities we serve. While they may not satisfy everyone now, they are meant to assist us to take the necessary leaps in order to ensure that we make maximum impact to the majority of the residents of Metsimaholo.

Mr.Speaker, as we are striving and working very hard to be the leading municipality in delivering effective, affordable and sustainable quality services to our community, we continue meeting a number of challenges. These challenges include, redressing the social and economic imbalances of the past, creating access to basic services for all our residents in Metsimaholo, maintaining and improving

the financial viability of the municipality, political and administrative stability, sound governance and issues of safety and security.

Ons streef daarna om ons mense se belange eerste te stel en ons wil hulle die versekering gee dat ons baie hard werk om die beste munisipaliteit, nie net in die provinsie wil wees nie, maar in die land. Ons wil hulle verder verseker dat ons mense goeie en effektiewe dienslewering sal geniet van ons munisipaliteit en dat ons great is om die bul by die horings te pak.

Honorable Speaker, based on our own research that we have done it has shown that the recent violent protests in our area erupted because of the following reasons:

- Poor communication between local government and communities;
- Unemployment; and
- Poverty.

Our municipality is well aware of these listed challenges.

Honorable Councilors and members of the public, one of the founding ideas of our Constitution is the right to protest - which was denied under apartheid. What we are opposed to, is any form of protest that uses violence or anarchy to pursue any objective. We have seen this trend not only in the service delivery protests, but also in labor strikes across our country. Our plea to our community at large is not to allow yourselves to be used by any person who wants to pursue his or her own interest. The office doors of the executive mayor, speaker and municipal manager are opened for any engagement on any matter with regard to Metsimaholo local Municipality.

What we must do in answering these challenges is to simultaneously accelerate economic growth and transform the quality of that growth in our area. The 2007 ANC Conference in Polokwane said:

Our most effective weapon in the campaign against poverty is the creation of decent work. Moreover, the challenges of poverty and inequality requires that accelerated growth takes place in the context of an effective strategy of redistribution...

Mr.Speaker, the official website of the municipality is having a total brand new face and is up and running and it will soon be launched. The development of the website has assisted us to move from a static website to an interactive Local E-Government portal. In enabling the municipality to cover the main areas of

E-Government and provide for its service delivery objectives, our website have the following features and functionalities:

- Municipal information
- Disseminate information quickly to our residents, businesses and visitors
- Political and administrative leadership information regarding contacts and portfolios
- Tender information
- Business listing for our local businesses
- Documents and policies of the municipality

The website will address our strategic imperatives and ultimately, we believe that we must bring into the mix a solution that will assist us in pursuit of the strategic objectives and realization of our vision.

Mr.Speaker, since our last budget speech, critical signposts have been passed and landmarks reached in our effort as a municipality to create a better life for all our people. Some of them include:

- Electrification of more than one thousand houses
- 21 high mass lights
- More than three thousand houses has been build
- Six SMME's has been appointed in our area for technical and infrastructural services
- More than 20 students from Metsimaholo have benefited from our bursary fund
- Building of a post office and police station in Zamdela
- Funding of R6 Million has been secured from the Department of Human Settlements (FS Province) for the purchasing of land (Vaaldam). Province requested 3 quotations from valuers. Offers to follow in June 2010 and transfers to follow after July 2010
- The maintenance of community and sport and recreational facilities have been done but is negatively affected by capacity constraints in terms of personnel and vehicles.
- The additional refuse removal points will be updated as soon as the verification of the complexes in Vaalpark and Sasolburg have been concluded.

- The revised Integrated Waste Management Plan has been prepared and is ready for approval by Council. This matter has been outstanding for long and needs to be finalised.
- The completion of multi-purpose centre in Zamdela and the High Performance Sports Centre in Sasolburg are making good progress.
- The finalisation of the traffic and fire sub-station in Deneysville/Oranjeville will be done as soon as the secured property has been renovated/altered by Technical Services.
- Lack of funding for capital projects, particularly roads and storm water, has impacted adversely on the Directorate's service delivery targets.
- A proper system for the handling of complaints (electricity, water, sanitation and roads) still needs to be developed to ensure effective monitoring of turnaround times.
- Sewer connections in Amelia and Metsimaholo Extension 6 could not be done due to lack of funding. A technical report has been submitted to the Provincial Department of Human Settlements and National Department of Water Affairs for funding purposes.
- Internal funding for the construction/upgrading of the taxi ranks in Metsimaholo and Refengkgotso had been cancelled.

Mr. Speaker, let us now focus on the budget framework. The key assumptions underlying the compilation of this budget are:

- Inflation is budgeted for at 5.7 percent in terms of National Treasury's MFMA Circular No. 51
- Distribution losses in respect of water is estimated at 13 percent (down from 20 percent) and electricity at 10 percent (down from 15 percent in the previous financial year)
- A 20 percent non payment rate
- 8 percent increase in Councilors remuneration
- In terms of the Collective Agreement on salaries between SALGA and the trade unions provision is made for a 9 percent increase in employee related costs to cover the general salary increase as well as notch increases for staff where applicable.
- Impairment and bad debt provision at R40 million as part of our programme to achieve a clean audit before 2014.

The Operating Budget provides for expenditure of R580,1 million in 2010/11, increasing by 62,1 percent to R933,4 million in 2012/13. The growth in operating expenditure for 2010/11 compared to the current financial year's adjusted budget amounts to R111,3 million or 23,8 percent. The following are the main expenditure types on the operating budget:

Employee related costs for 2010/11 amounts to R160,3 million or 27,6 percent of the total operating expenditure increasing to R212,2 million or 22,7 percent in 2012/13. This expenditure item shows a significant decline as a percentage of total operating expenditure and is well below the benchmark set by National Treasury of 30 percent.

Bulk purchases of electricity and water amount to R164,9 million or 28,4 percent of total operating expenditure in 2010/11 increasing in 2012/13 to R367,8 million or 41,4 percent. The huge jump in bulk purchases relates mainly to an increase in electricity purchases and purchasing costs from ESKOM.

The total Capital Budget increases from R85,6 million in 2009/10 with nearly 100 percent to R352,2 million in 2010/11. We see a further slight increase in our capital budget in 2011/12 to R353,7 million and then reducing or stabilising at R180,3 million in 2012/13. The reduction is mainly due to delays in the confirmation of funding from external sources such as the provincial government and district municipality and inadequate planning by departments of their capital projects over the medium term. This issue is continuously being addressed as part of the municipality's ongoing budget and financial management reforms and at various intergovernmental relations forums.

We must also indicate, Mr. Speaker, that Metsimaholo that we will be receiving allocations amounting to R153 million over the next three years from the national fiscus, in terms of the Division of Revenue Act (DORA) as our Municipal

Infrastructure Grant (MIG) and Electrification conditional capital grants to speed up the rolling out of basic municipal infrastructure to households.

The Free State Provincial Government have also indicated that grant allocations amounting to R331,3 million will be made to our municipality over the next three financial years to fund mainly the accelerated delivery of housing opportunities and access to basic services to communities through the building of houses, the planning of and surveying of more than 5 000 residential stands in Mooiplaats, Mooidraai and Zamdela and the redevelopment of hostels 2,3 and 4 into close to one thousand Community Residential Units (CRUs).

R127,1 million or 36,1 percent of the capital budget for the 2010/11 financial year will be allocated to Technical and Infrastructural Services projects as follows:

R10 million is allocated to improve our electricity and water metering systems as part of the municipality's revenue enhancement programme;

R9,1 million for sanitation, which includes sewer connections to approximately 340 stands in Metsimaholo Extension and improving our sewer network capacity;

R24,4 million for electricity supply to, amongst others, strengthen our network, provide bulk supply to Gortin, Amelia and Mooidraai, upgrade the network in Deneysville and Oranjeville and provide lights at entrance and collector roads;

R19,2 million for water supply, which includes projects to enhance our bulk supply and connecting an additional 7 000 residential stands to the network in Amelia,

Mooiplaats and Zamdela; and R60 million for streets and storm water projects allocated to various projects relating to the construction of new roads and storm water as well as the upgrading and sealing of roads in identified areas.

Social Services will receive an allocation of R36,9 million or 10,5 percent of the total capital budget in 2010/11, mainly:

- For the purchasing of additional compactor trucks and investigation into the establishment of additional landfill sites so that we can expand our refuse removal services;
- To complete the construction of the multi-purpose centre in Harry Gwala with the assistance of Anglo Coal at a total cost of R9 million;
- For the upgrading of the cemetery in Refengkgotso;
- To finalise the establishment of the fire sub-station for Harry Gwala, Deneysville-Refengkgotso and Oranjeville.

Molaolakgotla ya Tlotlehang, maitekong a rona a ho potlakisa kabo ya matlo, lefapha la ntshetsopele ya moruo wa lehae le tla ajelwa tjhelete e kana ka dimilione tse R172,1 (R172,1 m) selemong se tlang sa ditjhelete. Karolo e kgolo ya tjhelete ena jwalo ka ha re boletse pejana, e tla sebedisetswa ho ntjhafatsa dihostele ka tshehetso ya Lefapha la Provense la Boahi le Setjhaba.

Ka thuso ya Anglo Coal, Sasol Mining le Bothma & Sons, diporojeke tse fapafapaneng tsa mesebetsi ya setjhaba di tla thakgolwa mme di phethelwe lemong se tlang sa ditjhelete. Tsona di akaretsa porojeke ya ditene tse ahang le tse alwang

fatshe, serapa sa meroho, dikolobe le dikgoho. Diporojeke tsena tsona di tla matlafatsa moruo wa lehae le mananeo a thibelang bofuma.

Mr. Speaker our Revenue Budget, which provides the required resources to enable us to deliver on our mandate of developmental local government, amounts to R580,1 million in 2010/11 and increases over the medium term to R620,2 million in 2012/2013. The growth in the revenue budget compared to the current financial year amounts to R111,3 million or 23,8 percent.

Government grants, comprising mainly of the equitable share and other operating grants will amount to R98,7 million in 2010/11 increasing to R102,7 million in 2012/11. This is an important contribution from the national fiscus to assist with the provision of basic services to our people and particularly the poorest of the poor of our communities.

Hara mananeo a mang, kabo ena e tla netefatsa hore re tswela pele ka ho tshehetsa baahi ba rona ba futsanehileng haholoholo nakong ena ya maemo a thata a moruo. Malapa a bafutsana a tla tswela pele ho fumantshwa dikilowate tse 50 (50Kw) tsa motlakase, dikilolitara tsa metsi a mahala tse 10 (10Kl) ka kgwedi, tshebeletso tsa mahala tsa tlhwekiso ya matlwana le matlakala mmoho le tshehetso ya diranta tse mashome a mahlano (R 50. 00) mabapi le ditefello tsa ditshebeletso le thuso tse ding.

Water remains our major source of own revenue at an average of 29,8 percent per annum over the medium term, whilst Property Rates and Electricity contribute on average 15,5 and 28,7 percent respectively to own sources of revenue over the next three years.

Turning to the proposed tariff increases on the main consumer services. It should be noted Mr. Speaker that Metsimaholo has succeeded in most of the services to maintain tariff increases within the growth limits set by National Treasury in line with the inflation target band of the Reserve Bank of between 3 and 6 percent. However, the average increases include an allowance for growth in consumption levels and corrections in certain tariffs.

An average tariff increase of between 8 and 30 percent is proposed for electricity subject to approval by the National Electricity Regulator (NERSA) which will also be utilised to fund the ring-fencing of the service. All tariff increases by ESKOM will result in an equal increase of tariffs payable by electricity consumers in Metsimaholo area.

In order to economise the refuse removal service it must be considered that the same tariff be charged where there is a service once a week hence an increase of between 5 and 36 percent is proposed for refuse removal to ensure uniformity in the tariffs.

An average increase of 6 percent is proposed for property rates and 8 percent for water and for sanitation services.

Honorable Speaker and councillors, we have to remain absolutely vigilant and resilient with our efforts to enhance and strengthen our revenue base so that we can ensure that our billing, debt collection and credit control processes are effectively improved and utilised to collect all the revenue that we are budgeting for to improve and maintain a sound cash flow position.

We need to inform Council that some progress has already been made with the implementation of our revenue enhancement strategy in respect of data cleansing, VAT review and the establishment of the budget and loss control committee, the review of our debt collection programme and the migration to the E-Venus system and the compilation of the Municipal Asset register.

In conclusion, Mr Speaker, I would like to take this opportunity on behalf of the municipality to wish our national team, Bafana Bafana all the best during the 2010 FIFA World Cup, as they will be competing with other teams from the rest of the world. I am very confident that the boys will do us very proud and that they will do their utmost best and perform to the best of their ability. To our community of Metsimaholo, the 2010 FIFA World Cup will not only be a momentous national sporting event for our country, but it will also serves as a platform upon which legacies can be built to support development long after the final whistles has been

blown. The role that we as municipalities and all other stakeholders not only in our district, but the entire country must play, by sport in building our nation and promoting social cohesion, is very pivotal. Let us give our full support to our national team, Bafana Bafana, by wearing our national team colours, waving our national flags and blow our vuvuzelas for the boys.

Feel It, It is here.

Furthermore, Mr, Speaker the 2010/2011 budget, we are presenting today, is indeed a true reflection of our commitment to ensure that we improve the lives of all our people in Metsimaholo and push back the frontiers of poverty within a sound and sustainable fiscal framework. It has been a long and tortuous journey, even so we do not dare fail to achieve the set targets. We are on course to make sure that as our local economy continuous to grow, more of our people in our area from the second economy will benefit from the spin-offs of the first economy.

We therefore pledge to continue to strive against hunger and poverty, crime, all forms of abuse, homelessness and unemployment, to achieve all these we need to continue to cement our partnership with all role players.

Honorable Speaker, it is not possible to present such a comprehensive set of deliverables planned without the support and hard work carried out by all departments. I want to express my sincere appreciation to:

- Members of the Mayoral Committee, in particular the Portfolio Head of Finance and IDP, MMC David Motloun and his team for the sterling work they did, in

driving the budget process. We have attempted to include all political parties in the preparation of this budget to achieve consensus,

- Members of the Portfolio Committees, Councilors, Ward Committees for their valuable contributions and commitment,
- Members of organized business and industry and all other stakeholders who made inputs during the public participation meetings.
- The Municipal Manager, Mr.Xolela Msweli, the Chief Financial Officer, Motshidisi Mokoena and her staff, directors as well as all other officials who have managed the budget preparation process through sheer hard work and professional dedication.
- Not forgetting the support we received from the Speaker, Cllr Sello Matena through his regular oversight over these processes.
- I also want to thank our religious leaders, Chamber of Commerce and all stakeholders who is positively contributing to changing the lives of our people.

A special thanks to my wife and my family for their constant support.

Honourable Speaker, I now formally table the 2010/2011 Budget as outlined in the Council's Agenda for Council's consideration and approval, in terms of Section 24 (1) of the Municipal Finance Management Act.

I Thank You. Baie dankie. Ke a leboha.



METSIMAHOLO LOCAL MUNICIPALITY

MEMORANDUM

VAN: Chief Financial Officer
FROM:

AAN: See Distribution List
TO:

Verwysing:
Reference:

Datum:
Date: 16 September 2010

Capital Budget 2011-2012

The following information is requested in respect of the 2011/2012 Capital Budget to ensure that it complies with the budget reforms as prescribe by National Treasury, the Municipal Finance Management Act, (Act 56 of 2003) and the Budget Policy.

1 Capital Budget link to IDP

Each project/item must be linked to the Strategic Objectives and Action Plans as set out in the IDP.

The information is required for the following financial years:

- (a) 2011/2012
- (b) 2012/2013
- (c) 2013/2014

- 2 The source of funding must be clearly indicated. Only confirmed grants will be accepted as finance source for capital projects/items. Funding must be secured before any projects/items are included in the budget and proof of funding must be attached.
- 3 The operating and maintenance cost per year per project/item for the three years must be determined and taken into account when the operating budget is compiled.
- 4 If it is anticipated that a project will not be completed before 30 June 2011, it must be again be included in the 2011/2012 budget, with the amended amount.
- 5 The growth rate will be between 6,2% and 5,9% from the prior year. 63% of the adjustment capital budget was spent in 2008/2009 and 38.5% in 2009/2010. The Capital Budget can not exceed R365.6 million for 2011/2012, R387 million in 2012/2013 and R406 million in 2013/2014. The possible decrease of the projects with the adjustment Capital Budget(2010/2011) and the funding of the budget must be taken into account.

- 6 All new or replacement of items, such as vehicles, furniture, ect must be clearly indicated.
- 7 It is imperative that Council adopts a credible budget. The budget must be balanced and revenue projections must be realistic and collectable. This also presupposes that procedures are in place to ensure that projects contained in the municipal Integrated Developments Plans are properly costed. Projects where funds are not secured will not be approved by National Treasury and only lead to enquiries from Provincial Treasury.
- 8 An Asset Management and Maintenance plan must be drawn up for 3 years.
- 9 Information of disposal of assets foreseen in 2011 to 2014 must also be submitted.
- 10 It is imperative to provide accurate and credible information. It is also appreciated that extraordinary rapid development will result in greater demands being placed on resource allocations.
- 11 Ensure that meetings are held with Portfolio Committees. The feedback must be taken into account with your submission.
- 12 The inputs for the Capital Budget must also be discussed at the various Cluster meetings.
- 13 All the information must be submitted to Ms A Vorster, Financial Services not later than 13 October 2010.

Your co-operation is appreciated.

.....
M E Mofoena (Ms)

Chief Financial Officer

METSIMAHOLO LOCAL MUNICIPALITY

PROPERTY RATES POLICY

**A S F R O M
1 J U L Y 2 0 0 8**

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PREAMBLE

WHEREAS section 3 of the Local Government: Municipal Property Rates Act, 2004 (No 6 of 2004) determines that a municipality must adopt a rates policy in accordance to the determination of the Act.

NOW THEREFORE the following policy on the levying of property tax is accepted.

1. OBJECTIVE

In developing and adopting this rates policy, the council has sought to give effect to the sentiments expressed in the preamble of the Property Rates Act, namely that:

- the Constitution enjoins local government to be developmental in nature, in addressing the service delivery priorities of our country and promoting the economic and financial viability of our municipalities;
- there is a need to provide local government with access to a sufficient and buoyant source of revenue necessary to fulfil its developmental responsibilities;
- revenues derived from property rates represent a critical source of income for municipalities to achieve their constitutional objectives, especially in areas neglected in the past because of racially discriminatory legislation and practices; and
- it is essential that municipalities exercise their power to impose rates within a statutory framework which enhances certainty, uniformity and simplicity across the nation, and which takes account of historical imbalances and the burden of rates on the poor.

In applying its rates policy, the council shall adhere to all the requirements of the Property Rates Act, Act no. 6 of 2004 including any regulations promulgated in terms of that Act.

The objective of this policy is also to ensure that-

- all ratepayers within a specific category are treated equal and reasonable;
- rates are levied in accordance with the market value of the property;
- the rate will be based on the value of all rateable property and the amount required by the municipality to balance the operational budget, taking into

account the surplus obtained from the trading- and economical services and the amounts required to finance exemptions, reductions and rebates that the municipality approve from time to time;

- income from rates will be used to finance community- and subsidized services and not trading- or economical services;
- to optimally safeguard the income base of the municipality through exemptions, reductions and rebates that are reasonable and affordable.

2. DEFINITIONS

1. All the definitions shall have the same interpretation as defined in the Local Government: Municipal Property Rates Act, 2004 (No 6 of 2004) including definitions in regulations made in terms of section 85 of the Act.
2. **“chief financial officer”** means a person designated in terms of section 80(2)(a) of the Local Government: Municipal Finance Management Act 56 of 2003.
3. **“bona fide farmer”** means the property on which farming operations as identified in the income tax Act is been conducted.
4. **“phasing in”** means equally over 4 (four) years.

3. PURPOSE OF THE POLICY

The purposes of the policy are:-

- (1) To comply with the provisions as set out in section 3 of the Act.
- (2) To determine criteria to be applied for-
 - a) the levying of differential rates for different categories of properties;
 - b) exemptions;
 - c) grants and rebates;
 - d) rate increases; and
 - e) specific incentives.
- (3) Determine or provide criteria for the determination of:-
 - a) categories of properties for the purpose of levying different rates; and

- b) categories of owners of properties for categories of properties, for the purpose for the granting of exemptions, rebates and reductions.
- (4) Determine how the municipality's powers must be exercised in relation to multi purpose properties.
- (5) Identify and quantify to the municipality in terms of cost and benefit to the community-
 - a) exemptions, rebates and reductions;
 - b) exclusions; and
 - c) rates on properties that must be phased in.
- (6) Take into account the effect of rates on the poor.
- (7) Take into account the effect of rates on organisations conducting public benefit activities.
- (8) Take into account the effect of rates on public service infrastructure.
- (9) Determine measures to promote local economic and social development.
- (10) Identify all rateable property that is not rated.

4. POLICY PRINCIPLES

The council shall as part of each annual operating budget component impose a rate in the rand on the market value of all rateable property as recorded in the municipality's valuation roll and supplementary valuation roll. Rateable property shall include any rights registered against such property, with the exception of a mortgage bond. However any right registered against such property will be valued on it's own and payable by body/person in who's name it is registered.

The council pledges itself to limit each annual increase as far as practicable to the increase to the consumer price index over the period preceding the financial year to which the increase relates, except when the approved integrated development plan of the municipality provides for a greater increase.

The council shall, in imposing the rate for each financial year, take proper cognisance of the aggregate burden of rates and service charges on representative property owners, in the various categories of property ownership, and of the extent to which this burden is or remains competitive

with the comparable burden in other municipalities within the local economic region.

The council shall further, in imposing the rate for each financial year, strive to ensure that the total income from rates less revenues forgone and less contributions for bad debts will not be more than 25% of the total operating budget.

Other policy principles:

- (1) All ratepayers, in a specific category, as determined by council from time to time, will be treated equally.
- (2) Rates will be raised in proportion to the market value of the property as determined by general valuation or interim valuation.
- (3) The rates tariff will be based on the value of all rateable properties and the amount required by the municipality to balance the operating budget after taking in account profits generated on trading and economic services and the amounts required to finance exemptions, rebates and grants in-aid of rates as approved by council from time to time.
- (4) Trading and economic services will be ring fenced and tariffs and service charges calculated in such a manner that the income generated covers the cost of the services or generates a profit.
- (5) Property rates will be used to finance community and subsidised services and not used to subsidise trading and economic services.
- (6) Profits on trading and economic services can be used to subsidise community and subsidised services.
- (7) The provision for working capital for community and subsidised services must be equal to the non-payment of rates during the previous financial year and must not include any working capital provision relating to trading and economic services.
- (8) The income base of the municipality will be protected by limiting exemptions, grants and rebates.

5. CLASSIFICATION OF SERVICES AND EXPENDITURE

(1) The Chief Financial Officer shall, subject to the guidelines provided by the National Treasury and Council, make provision for the following classification of services:-

(a) ***Trading services***

- (i) Water.
- (ii) Electricity.

(b) ***Economic services***

- (i) Refuse removal.
- (ii) Sewerage disposal.

(c) ***Community services may include the following:***

- (i) Economic Development Services.
- (ii) Fire fighting services.
- (iii) Housing.
- (iv) Local tourism.
- (v) Municipal planning.
- (vi) Municipal public works, only in respect of the needs of municipalities in the discharge of their responsibilities and to administer functions specially assigned to them under the Constitution or any other law.
- (vii) Storm water management system in built-up areas.
- (viii) Trading regulations.
- (ix) Fixed billboards and the display of advertisements in public places.
- (x) Cemeteries.
- (xi) Child care facilities.
- (xii) Control of public nuisances.
- (xiii) Control of undertakings that sell liquor to the public.
- (xiv) Township development.
- (xv) Fencing and fences.
- (xvi) Holiday Resorts.
- (xvii) Licensing and control of undertakings that sell food to the public.
- (xviii) Local amenities.
- (xix) Local sport facilities.
- (xx) Municipal parks and recreation.

- (xxi) Municipal roads.
- (xxii) Noise pollution.
- (xxiii) Public places.
- (xxiv) Street trading/street lighting.
- (xxv) Traffic and parking.
- (xxvi) Building control.
- (xxvii) Nature reserves.

(d) ***Subsidised services may include the following:***

- (i) Libraries and museums.
- (ii) Proclaimed roads.

- (2) Trading and economic services must be ring fenced and financed from service charges while community and subsidised services will be financed from rates.

Categorisation of expenditure

- (3) Expenditure will be classified in the following categories.
- (i) Salaries, wages and allowances.
 - (ii) Bulk purchases.
 - (iii) General expenditure.
 - (iv) Repairs and maintenance.
 - (v) Capital charges (interest and redemption)/depreciation.
 - (vi) Contribution to fixed assets.
 - (vii) Contribution to funds-
 - (a) bad debts.
 - (b) working capital; and
 - (b) statutory funds.
 - (viii) Contribution to reserves.
 - (ix) Gross expenditure.
 - (x) Less charge-out.
 - (xi) Nett expenditure.
 - (xii) Income.
 - (xiii) Surplus/Deficit.

Cost Centres

- (4) Cost centres will be created to which the costs associated with providing the service can be allocated-
- (a) by Department;
 - (b) by Section/service; and

(c) by Division/service.

- (5) The subjective classification of expenditure each with a unique vote will be applied to all cost centres.

6. CATEGORIES OF PROPERTY

Properties will be categorised according to use of property as follows:-

- (a) Residential properties.
- (b) Industrial properties.
- (c) Business and commercial properties.
- (d) Farmland
 - (i) agriculture;
 - (ii) business and commercial purposes;
 - (iii) residential purposes; and
 - (iv) other purposes than specified in (i-iv).
- (e) Mining.
- (f) Unregistered erven.
- (g) State-owned properties.
- (h) Municipal properties.
- (i) Public service infrastructure.
- (j) Communal land as defined in the Communal Land Rights Act.
- (k) State trust land.
- (l) Protected areas.
- (m) National monuments.
- (n) Properties owned by public benefit organisations [Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (Act 58 of 1962)].
- (o) Privately owned towns.

7. CATEGORIES OF OWNERS

- (1) For the purpose of this policy and in terms of section 15(2) of the Act the following categories of owners will be recognised for the purpose of Grants, Exemptions, Rebates or Reductions -
- (a) indigent owners;
 - (b) owners dependent on pensions and/or social grants for their livelihood;
 - (c) owners temporarily without income;
 - (d) owners of property situated within an area affected by-

- i. a disaster within the meaning of the Disaster Management Act, 2002 (No. 57 of 2002);
- ii. any other serious adverse social or economic conditions;
- (e) owners of residential properties with a market value lower than an amount determined by the municipality; or
- (f) owners of agricultural properties who are *bona fide* farmers.
- (g) pensioners, as determined by National Government's ageing pension.
- (h) pre-qualified land uses identified by Council, such as "industrial" or "business" uses, to promote economic development, subject thereto that a zero rate tariff in respect of land taxes to be levied will not exceed a period of five (5) years from the date any undeveloped land has been registered in the name of a 'first buyer' ..."

8. LIABILITY OF RATES

(1) Method and time of payment

Metsimaholo Local Municipality will recover the rate levied in periodic instalments of equal amounts in twelve months. The instalment is payable on or before the last working day of every month, following the month in which it has been levied. Interest will be charged at 1% above the prime interest rate for any late payments received. Farmland will be levied during July for the year and payment to be done end September. Interest will start accruing from end October.

(2) Recovery of arrear rates from tenants, occupiers and agents

If an amount due for rates levied in respect of a property is unpaid after the day determined, the municipality may recover the amount in whole or in part from a tenant or occupier of the property. The amount the municipality might recover from the tenant or occupier of the property is limited to the amount of the rent or other money due and payable by the tenant or occupier to the owner of the property. Any amount the municipality recovers from the tenant or occupier of the property may be set off, by the tenant or occupier, against any money owed by the tenant or occupier to the owner.

The municipality may recover the amount due for rates from an agent of the owner after it has given written notice to that agent or person. The amount the municipality may recover from the agent or other person is limited to the amount of that rent received by the agent or person, less the commission due to that agent or person subject to the Estate Agents Act, 1976 (Act No. 112 of 1976). The agent or other person must, on request by the municipality, furnish the municipality with a written statement specifying all payments for rent on the property received by that agent or person during a period determined by the municipality.

(3) Interim Valuation Debits

In the event that a property has been transferred to a new owner and an Interim Valuation took place, the previous owner as well as the new owner will separately be held responsible for settling the interim rates account if applicable.

(4) Municipal Assets and -Ownership

- (a) Municipal assets are described as immovable improved or unimproved municipal property and include any piece of land identifiable on a layout plan, identification certificate or General Plan registered in the Surveyor Generals Offices, as an erf, lot, unit, plot, stand, farmland or any right in immovable property or pertaining to any such right, to claim transfer of land, in terms of:
 - (i) A proclamation notice in the Provincial Gazette and in terms whereof the municipality has the sole right of management, administration and control of such assets, rights, liabilities and obligations; or
 - (ii) A condition of establishment upon which the responsible MEC for Local Government and Housing, Free State Province, an approved or any township, required to be transferred to the local authority or state or to the responsible MEC for Local Government and Housing, Free State Province in trust, to be effected forthwith by the township owner at his cost; or
 - (iii) In terms of specific legislation where ownership of public places in an approved township shall in the case where such a township is situated within the area of jurisdiction of the municipality, vest in the municipality; or

(iv) In a separate register, township register or title deed booked in the Deeds Registry Offices.

(b) Notwithstanding that Municipal Assets are exempted from rates, the Council reserves the right to determine an amount to be levied for specific land uses, such as municipal assets earmarked for alternative or temporary land uses, such as “business” activities, etc, to include rates as an all inclusive monthly rent payable to Council.

(5) Levying of rates on property in sectional title schemes

A rate on property, which is subject to a sectional title scheme, will be levied on the individual sectional title units in the scheme.

9. DIFFERENTIAL RATES

- (1) Differential rates will be based on the extent to which services contemplated in Section 5(1)(c) and subsidised services in 5(1)(d) are provided by the municipality in respect of categories of properties contemplated in Section 6.
- (2) The Chief Financial Officer will annually calculate the costs of these services and determine through a public participation process to which extent these services are used by the various categories of ratepayers. Inputs from representatives from the various categories of ratepayers must be considered and agreed upon.
- (3) The valuation form attached as annexure ‘B’ will be used to determine possible differential rates.
- (4) Different categories of properties may pay different rates in the rand based on the market value of their properties.

10. EXEMPTIONS, REBATES AND REDUCTIONS ON RATES

In imposing the rate in the rand for each annual operating budget component, the council shall grant the following exemptions, rebates and reductions to the categories of properties and categories of owners indicated, but the council reserves the right to amend these exemptions, rebates and reductions if the circumstances of a particular annual budget so dictate.

In determining whether a property forms part of a particular category indicated, the municipality shall have regard to the actual use to which the relevant property is put. In the case of vacant land not specifically included in any of the categories indicated, the permitted use of the property shall

determine into which category it falls. A minimum charge of R40,00 per month will be levied on residential properties where the calculated Rates & Taxes are less than R40,00 taking into account the exempted R35 000,00.

NOTE: In addition to the foregoing, the first R35 000 of the market value of all residential properties and of all properties used for multiple purposes, provided one or more components of such properties are used for residential purposes, is exempt from the payment of rates. In terms of Section 17(1)(h) of the Property Rates Act this amount is R15 000.

Municipal properties shall include properties owned by municipal entities.

The council grants rebates in recognition of the following factors:

- The inability of residential property owners to pass on the burden of rates, as opposed to the ability of the owners of business, commercial, industrial and certain other properties to recover such rates as part of the expenses associated with the goods or services which they produce.
- The need to accommodate indigents and less affluent pensioners & persons dependant on a nominal income due to medical incapacitation or other factors as may be determined by Council from time to time.
- The services provided to the community by public service organizations.
- The need to preserve the cultural heritage of the local community.
- The need to encourage the expansion of public service infrastructure.
- The indispensable contribution which property developers (especially in regard to commercial and industrial property development) make towards local economic development, and the continuing need to encourage such development.
- The requirements of the Property Rates Act no. 6 of 2004.

The municipal manager shall ensure that the revenues forgone in respect of the foregoing rebates are appropriately disclosed in each annual operating budget component and in the annual financial statements and annual report, and that such rebates are also clearly indicated on the rates accounts submitted to each property owner so qualified.

10.1 EXEMPTIONS

Categories of properties

- (1) Owned by a religious body or organisation, and exclusively used as a place of assembly for public worship, provided that where such property is used as or for the purposes of a dwelling the exemption contemplated by this paragraph shall only apply if such property is so used by:
 - A minister of religion or an employee in the full-time service of such body or organisation; and
- (2) Owned by a church and used for the residence of a minister of religion in the full-time service of such church.

10.2 REBATES

Categories of properties

- (1) Rebates for the following categories of owners will be considered:
 - (a) Rebates in respect of indigents:

The following owners may be granted a rebate on or a reduction in the rates payable on their property if they meet the following criteria-

 - Registered owner of the property;
 - Must reside on the property;
 - Income must not exceed an amount annually set by the Council; and
 - Applications for the rebate must be submitted before 30 June of each year. Late applications will be considered by the Chief Financial Officer.
 - (b) **Rebates in respect of retired and disabled persons:**
 - (i) Retired and disabled persons qualify for special rebates of 30% according to monthly household income provided that he/she must be the registered owner of the property, and
 - (a) occupy the property as his/her normal residence;
 - (b) be at least 60 years of age or in receipt of a disability pension from the Department of Welfare and Population Development;
 - (c) be in receipt of a total monthly income from all sources (including income of spouses of owner) not exceeding R5 000,00; and

- (ii) Property owners must apply in writing before 30 June 2008 for implementation on 1 July 2008 and thereafter 31 October of each year and every application must be accompanied by:
 - (a) a certified copy of the identity document or any other acceptable proof of the owners age;
 - (b) sufficient proof of income of the owner and his/her spouse;
 - (c) an affidavit from the owner; and
 - (d) if the owner is a disabled person proof of a disability pension payable by the Government must be supplied.
- (iii) The municipality retains the right to refuse rebates if details supplied in the application were incomplete, incorrect or false and owner will be held liable for full rates if found that information was wrong.
- (c) Public benefit activities (welfare and humanitarian):
 - (i) Rateable property registered in the name of an institution or organisation which, in the opinion of the council, performs welfare and humanitarian work as contemplated in section of the ninth Schedule of the Income Tax Act, 1962 (Act 58 of 1962).
 - (ii) Rateable property, registered in the name of a trustee or trustees or any organisation, which is maintained for the welfare of war veterans.
- (d) Public benefit activities (cultural)
 - (i) Rateable property registered in the name of Boy Scouts, Girl Guides or any other organisation which in the opinion of the council is similar or any rateable property let by a council to any of the said organizations.
 - (ii) The promotions, establishment, protection, preservation or maintenance of areas, collections or buildings of historical or cultural interest, national monuments, national heritage sites, museums, including art galleries, archives and libraries.

- (e) Public benefit activities (sport)
 - (i) Sports grounds used for the purpose of amateur and any social activities, which are connected with such sport.
- (f) Public benefit activities (conservation, environment and animal welfare)
 - (i) Properties that is in the name if an organisation or institution that is engaging in the conservation, rehabilitation or protection of the natural environment, including flora and fauna.
 - (ii) Rateable property registered in the name of an institution or organisation which has as its exclusive objective the protection of tame or wild animals or birds.
- (g) Public benefit activities (education and development)
 - (i) Rateable property registered in the name of an educational institution established, declared or registered by or under any law.
- (h) Public benefit activities (health care)
 - (i) Rateable property registered in the name of an institution or organisation which has as its exclusive objective is health care or counselling of terminally ill persons or persons with a severe physical or mental disability and persons affected with HIV/AIDS.
- (i) Agricultural
 - (i) Rateable property, registered in the name of an agricultural society affiliated to or recognised by the South African Agricultural Union, which is used for the purposes of such a society.
- (j) Municipal property and usage
 - (i) A pro-rata rebate will be granted where the municipality is engaged in land sales transactions which have taken place after the financial year has started.
 - (ii) Where the municipality register a road reserve or servitude on a privately owned property a pro-rata rebate equal to the value of the reserve or servitude will be given to the owner of the property.

- (k) When a municipal interim valuation is effected during a financial year a pro-rata rebate will be given from the beginning of the financial year until the interim valuation became effective as per Section 78 (2)b of the Act.
 - (l) Rateable property registered in the name of the Council, if such property is used in supplying electricity, water, and refuse or sewerage services;
 - (m) State hospitals, state clinics and institutions for mentally ill persons, which are not operated for gain;
 - (n) Rateable property registered in the name of an institution or organisation which, in the opinion of the Council, performs charitable work;
 - (o) Road reserves are exempted from payment of rates in accordance with Act 7 of 1998 on Road Agencies;
 - (p) Railway reserves are exempted from payment of rates in accordance with the Railway Act.
 - (q) Bona fide farmers will pay 25% of the normal residential tariff for Metsimaholo and to be phased in over 4 (four) years starting from 1 July 2008 however riparian proprietor of property exclusively utilized for farming purposes will qualify for a further rebate of 50% on application before 30 June 2008 and thereafter application to be made by 31 October of each year.
 - (r) Privately Owned Towns and Residential farming areas (including sectional titles) will pay 50% of the normal residential tariff for Metsimaholo and to be phased in over 4 (four) years starting from 1 July 2008.
 - (s) Other farmland use of properties will pay 50% of the applicable use of property tariff in Metsimaholo and to be phased in over 4 (four) years starting from 1 July 2008.
 - (t) Sectional titles in town qualifies for a rebate of 15 (fifteen) percent for the year starting 1 July 2008.
- (2) *Grants-in-lieu-of-rates* will be granted subject to:
- (a) A certificate issued by the registered auditor of the organisation or institution stating that the activities performed are not for gain.
 - (b) A certified income and expenditure statement and balance sheet that indicate the inability to pay for rates.

- (c) An assessment by the Chief Financial Officer which indicates that the organization or institution qualifies in terms of council's policy.
- (d) Council's approval.

10.3 REDUCTIONS

Categories of property

- (1) A reduction in the municipal valuation as contemplated in section 15(1)(b) of the Act will be granted where the value of a property is affected by fire damage, demolition or floods or natural disaster in terms of the National Disaster Management Act, 2002 (No 57 of 2002).
- (2) The reduction will be in relation to the certificate issued for this purpose by the municipal valuator.
- (3) The Mayoral Committee will decide on the merits of local disaster occurrences after written motivated request.

11. RATE INCREASES

- (1) The municipality will consider increasing rates annually during the budget process.
- (2) Rate increases will be used to finance the increase in operating costs of community and subsidised services.
- (3) Relating to community and subsidised services:-
 - (a) The following annual adjustments will be made:-
 - (i) All salary and wage increases as agreed at the National Bargaining Council.
 - (ii) A CPIX adjustment for general expenditure, repairs and maintenance and contributions to funds.
 - (b) Additional depreciation costs or interest and redemption on loans associated with the assets created during the previous financial year.
- (4) Increase in expenditure in terms of Councils budget policy.
- (5) Extraordinary expenditure not foreseen during the previous budget period and approved by the council during a budget review process will be financed by an increase in property rates for the specific area wanting that.
- (6) All increases in the property rates will be communicated to the local community in terms of the council's policy on community participation.

12. COSTS OF EXEMPTIONS, REBATES, REDUCTIONS, PHASING IN OF RATES AND GRANTS-IN-LIEU OF RATES

- (1) During the budget process the Chief Financial Officer must inform council of all the costs associated with the suggested exemptions, rebates, reductions, phasing in of rates and grant-in-lieu of rates .
- (2) Provisions must be made on the operating budget –
 - (a) the full potential income associated with property rates; and
 - (b) the full costs associated with exemptions, rebates, reductions, phasing in of rates and grants-in-lieu of rates.

13. LOCAL, SOCIAL AND ECONOMIC DEVELOPMENT

- (1) The municipality may grant rebates to organisations that promote local, social and economic development in its area of jurisdiction based on the criteria determined in its local, social and economic development policy. The following criteria will apply:
 - (a) job creation in the municipal area;
 - (b) social upliftment of the local community; and
 - (c) creation of infrastructure for the benefit of the community.
- (2) Rebates will be restricted to 50% of the rates payable and must be phased out within 3 years from the date that the rebate was granted for the first time.
- (3) Portfolio Committee of LED will consider relaxation up and above point 13(2) and make recommendations to Council through the monthly financial indicators report.

14. REGISTER OF PROPERTIES

- (1) The Chief Financial Officer must draw up and maintain a register of properties as contemplated as section 23 of the Act.

15. NOTIFICATION OF RATES

- (1) The council will give notice of all rates approved on the effective date of implementation at the annual budget meeting at least 30 days prior to the date that the rates become effective. Accounts delivered after the effective date notice will be based on the new rates.

- (2) A notice stating the purport of the council resolution, date on which the new rates shall become operational and invitation for objections will be displayed by the municipality at places installed for that purpose.
- (3) All objections shall forthwith be considered by council before final approval and implementation.

16. SHORT TITLE

This policy is the Property Rates Policy of the Metsimaholo Local Municipality.

17. CORRECTION OF ERRORS AND OMISSIONS

Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll. In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation. The Portfolio Committee of Finance will deal with correction of errors, disputes and to avoid interventions of courts as far as possible.

18. FREQUENCY OF VALUATIONS

The municipality shall prepare a new valuation roll every 4 (four) years and supplementary valuation rolls monthly.

CAUTIONARY NOTE

This paraphrase is not meant to cover the complete contents of the Property Rates Act, but is focused rather on those requirements which are immediately relevant to a municipality's rates policy. Thus the section dealing with transitional arrangements has been omitted, and so have most of the provisions dealing with the valuation process.

SECTION 2: POWER TO LEVY RATES

A metropolitan or local municipality may levy a rate on property in its municipal area.

A municipality must exercise its power to levy a rate on property subject to Section 229 and any other applicable provisions of the Constitution, the provisions of the present Act, and the rates policy it must adopt in terms of this Act.

SECTION 3: ADOPTION AND CONTENTS OF RATES POLICY

The council of a municipality must adopt a policy consistent with the present Act on the levying of rates on rateable property in the municipality.

Such a rates policy will take effect on the effective date of the first valuation roll prepared by the municipality in terms of the present Act, and such policy must accompany the municipality's budget for the financial year concerned when that budget is tabled in the council in terms of the requirements of the Municipal Finance Management Act.

A rates policy must:

- treat persons liable for rates equitably;
- determine the criteria to be applied by the municipality if it:
 - levies different rates for different categories of property;
 - exempts a specific category of owners of properties, or the owners of a specific category of properties, from payment of a rate on their properties;
 - grants to a specific category of owners of properties, or to the owners of a specific category of properties, a rebate on or a reduction in the rate payable in respect of their properties; or
 - increases rates;

- determine or provide criteria for the determination of categories of properties for the purposes of levying different rates, and categories of owners of properties, or categories of properties, for the purpose of granting exemptions, rebates and reductions;
- determine how the municipality's powers in terms of Section 9 must be exercised in relation to properties used for multiple purposes;
- identify and quantify in terms of cost to the municipality and any benefit to the local community, exemptions, rebates and reductions; exclusions; and rates on properties that must be phased in in terms of Section 21;
- take into account the effect of rates on the poor and include appropriate measures to alleviate the rates burden on them;
- take into account the effect of rates on organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for tax reductions because of those activities, in the case of property owned and used by such organisations for those activities;
- take into account the effect of rates on public service infrastructure;
- allow the municipality to promote local, social and economic development; and
- identify, on a basis as may be prescribed, all rateable properties in a municipality that are not rated in terms of Section 7.

When considering the criteria to be applied in respect of any exemptions, rebates and reductions on properties used for agricultural purposes, a municipality must take into account:

- the extent of services provided by the municipality in respect of such properties;
- the contribution of agriculture to the local economy;
- the extent of which agriculture assists in meeting the service delivery and development obligations of the municipality; and
- the contribution of agriculture to the social and economic welfare of farm workers.

Any exemptions, rebates or reductions granted and provided for in the rates policy adopted by a municipality must comply and be implemented in accordance with a national framework that may be prescribed after consultation with organised local government.

No municipality may grant relief in respect of the payment of rates to:

- a category of owners of properties, or to the owners of a category of properties, other than by way of an exemption, rebate or reduction as provided for in its rates policy and granted in terms of Section 15 of the present Act; or
- the owners of properties on an individual basis.

SECTION 4: COMMUNITY PARTICIPATION

Before a municipality adopts its rates policy, the municipality must follow the process of community participation envisaged in Chapter 4 of the Municipal Systems Act; and comply with the following requirements, as set out below.

The municipal manager of the municipality must:

- conspicuously display the draft rates policy for a period of at least 30 days at the municipality's head and satellite offices and libraries, and, if the municipality has an official website or a website available to it, on that website as well; and
- advertise in the media a notice stating that a draft rates policy has been prepared for submission to the council, and that such policy is available at the various municipal offices for public inspection, and (where applicable) is also available on the relevant website; and inviting the local community to submit comments and representations to the municipality within a period specified in the notice, but which period shall not be less than 30 days.

The council must take all comments and representations made to it into account when it considers the draft rates policy.

SECTION 5: ANNUAL REVIEW OF RATES POLICY

The council must annually review, and – if needed – amend its rates policy. Any amendments to the rates policy must accompany the municipality's annual budget when it is tabled in the council in terms of the Municipal Finance Management Act.

When the council decides to amend the rates policy, community participation must be allowed for as part of the municipality's annual budget process.

SECTION 6: BY-LAWS TO GIVE EFFECT TO RATES POLICY

A municipality must adopt by-laws to give effect to the implementation of its rates policy, and such by-laws may differentiate between different categories of properties, and different categories of owners of properties liable for the payment of rates.

SECTION 7: RATES TO BE LEVIED ON ALL RATEABLE PROPERTY

When levying rates a municipality must levy such rates on all rateable property in its area, but it is nevertheless not obliged to levy rates on:

- properties of which the municipality itself is the owner;
- public service infrastructure owned by a municipal entity;
- rights registered against immovable property in the name of a person;
- properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure attributable to past racially discriminatory laws or practices.

The requirement to levy rates on all rateable properties does not prevent a municipality from granting exemptions from rebates on or reductions in rates levied.

SECTION 8: DIFFERENTIAL RATES

A municipality may in terms of the criteria set out in its rates policy levy different rates for different categories of rateable property, and these categories may be determined according to the:

- use of the property;
- permitted use of the property; or
- geographical area in which the property is situated.

Categories of rateable property that may be determined include the following:

- residential properties
- industrial properties
- business and commercial properties
- farm properties used for:
 - agricultural purposes
 - other business and commercial purposes

- residential purposes
- purposes other than those specified above
- farm properties not used for any purpose
- smallholdings used for:
 - agricultural purposes
 - residential purposes
 - industrial purposes
 - business and commercial purposes
 - purposes other than those specified above
- state owned properties
- municipal properties
- public service infrastructure
- privately owned towns serviced by the owner
- formal and informal settlements
- communal land
- state trust land
- properties acquired through the provision of Land Assistance Act 1993 or the Restitution of Land Rights Act 1994 or which is subject to the Communal Property Associations Act 1996
- protected areas
- properties on which national monuments are proclaimed
- properties owned by public benefit organisations and used for any specific public benefit activities
- properties used for multiple purposes.

SECTION 9: PROPERTIES USED FOR MULTIPLE PURPOSES

A property used for multiple purposes must, for rates purposes, be assigned to a category determined by the municipality for properties used for:

- a purpose corresponding with the permitted use of the property, if the permitted use of the property is regulated;
- a purpose corresponding with the dominant use of the property; or
- multiple purposes, as specified in Section 8 above.

A rate levied on a property assigned to a category of properties used for multiple purposes must be determined by:

- apportioning the market value of the property, in a manner as may be prescribed to the different purposes for which the property is used; and
- applying the rates applicable to the categories determined by the municipality for properties used for those purposes to the different market value apportionments.

SECTION 10: LEVYING OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES

A rate on a property which is subject to a sectional title scheme must be levied on the individual sectional title units in the scheme, and not on the property on a whole.

SECTION 11: AMOUNT DUE FOR RATES

A rate levied by a municipality on property must be stated as an amount in the rand:

- on the market value on the property;
- in the case of public service infrastructure, on the market value of the public service infrastructure less 30% of that value;
- in the case of property to which Section 17(1)(h) applies, on the market value of the property less the amount stated in that section (note the section concerned deals with the requirement that the first R15 000 of the market value of certain properties is not rateable).

SECTION 12: PERIODS FOR WHICH RATES MAY BE LEVIED

In levying rates, a municipality must levy the rate for a financial year. A rate lapses at the end of the financial year for which it was levied.

The levying of rates forms part of the municipality's annual budget process, and the municipality must therefore annually, at the time of its budget process, review the amount in the rand of its current rates in line with the annual budget for the next financial year.

SECTION 13: COMMENCEMENT OF RATES

A rate becomes payable as from the start of the particular financial year, or if the municipality's annual budget is not approved by the start of the financial year, as from such later date when the municipality's annual budget, including the resolution

levying the rates, is approved by the provincial executive in terms of section 26 of the Municipal Finance Management Act.

SECTION 14: PROMULGATION OF RESOLUTIONS LEVYING RATES

A rate is levied by a municipality by a resolution passed by the council with a supporting vote of a simple majority of its members.

The resolution levying the rates must be promulgated by publishing the resolution in the provincial gazette.

Whenever a municipality passes a resolution to levy rates, the municipal manager must, without delay, conspicuously display the resolution for a period of at least 30 days at the municipality's head and satellite offices and libraries, and if the municipality has an official website or a website is available to it, on that website as well; and advertise in the media a notice stating that the resolution levying the property rates has been passed by the council, and that the resolution is available at the municipality's head and satellite offices as so forth.

SECTION 15: EXEMPTIONS, REDUCTIONS AND REBATES

A municipality may in terms of the criteria which it has set out in its rates policy:

- exempt a specific category of owners of properties, or the owners of a specific category of properties, from payment of the rate levied on their property; or
- grant to a specific category of owners, or to the owners of a specific category of properties, a rebate on or a reduction in the rates payable in respect of their properties.

In granting exemptions, reductions and rebates in respect of owners or categories of properties, a municipality may determine such categories in accordance with Section 8 of the present Act, and when granting exemptions, reductions or rebates in respect of categories of owners of properties, such categories may include:

- indigent owners;
- owners dependent on pensions or social grants for their livelihood;
- owners temporarily without income;
- owners of property situated within an area affected by a disaster or any other serious adverse social or economic conditions;

- owners of residential properties with a market value lower than an amount determined by the municipality; and
- owners of agricultural properties who are bona fide farmers.

The municipal manager must annually table in the council:

- a list of all exemptions, reductions and rebates granted by the municipality during the previous financial year; and
- a statement reflecting the income which the municipality has forgone during the previous financial year by way of such exemption, reductions and rebates, exclusions referred to in the Act, and the phasing in discount granted in terms of Section 21.

All exemptions, reductions and rebates projected for a financial year must be reflected in the municipality's annual budget for that year as income on the revenue side and expenditure on the expenditure side.

SECTION 16: CONSTITUTIONALLY IMPERMISSIBLE RATES (ABRIDGED)

In terms of the Constitution a municipality may not exercise its power to levy rates on property in a manner that materially and unreasonably prejudices national economic policies, economic activities across its boundaries, or the national mobility of goods, services, capital and labour.

If a rate on a specific category of properties, or a rate on a specific category of properties above a specific amount in the rand, is materially and unreasonably prejudicing any of the matters referred to above, the Minister of Provincial and Local Government may, by notice in the gazette, give notice to the relevant municipality that the rate must be limited to an amount in the rand specified in the notice.

SECTION 17: OTHER IMPERMISSIBLE RATES (ABRIDGED)

A municipality may not levy a rate on:

- the first 30% of the market value of public service infrastructure;
- any part of the seashore;
- any part of the territorial waters of the Republic;
- any islands of which the state is the owner;

- those parts of a special nature reserve, national park or nature reserve or national botanical garden which are not developed or used for commercial, business, agricultural or residential purposes;
- mineral rights;
- property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses 10 years from the date on which such beneficiary's title was registered in the office of the registrar of deeds;
- the first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll to a category determined by the municipality for residential purposes or for properties used for multiple purposes, provided one or more components of the property are used for residential purposes;
- a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office bearer of that community and who officiates at services at that place of workshop.

(The remainder of this Section deals with situations where the various exemptions lapse).

SECTION 18: EXEMPTION OF MUNICIPALITIES FROM PROVISIONS OF SECTION 17

A municipality may apply in writing to the Minister for Provincial and Local Government to be exempted from applying the exemptions granted in respect of the first 30% of the market value of public infrastructure, the exemptions on nature reserves, national parks and national botanical gardens, the exemption on property belonging to land beneficiaries, and the exemption applying to the first R15 000 of the market value of residential and mixed use property, if the municipality can demonstrate that such exclusions are compromising or impeding its ability or right to exercise its powers or perform its functions within the meaning of the Constitution.

SECTION 19: IMPERMISSIBLE DIFFERENTIATION

A municipality may not levy:

- different rates on residential properties (except where transitional arrangements apply or where some of the properties are newly rateable);

- a rate on non-residential properties that exceeds a prescribed ratio to the rate on residential properties;
- rates which unreasonably discriminate between categories of non-residential properties; and
- additional rates, except as provided for in Section 22.

SECTION 20: LIMITS ON ANNUAL INCREASES OF RATES

The Minister of Provincial Local Government may, with the concurrence of the Minister of Finance and by notice in the gazette, set an upper limit on the percentage by which rates on properties or a rate on a specific category of properties may be increased. Different limits may be set for different kinds of municipalities or different categories of properties.

The Minister may, on written application by a municipality, and on good cause shown, exempt such municipality from a limit set in terms of the foregoing.

SECTION 21: COMPULSORY PHASING IN OF CERTAIN RATES

A rate levied on newly rateable property must be phased in over a period of three financial years. Similarly, a rate levied on property owned by a land reform beneficiary must, after the exclusion period has lapsed, be phased in over a period of three financial years.

A rate levied on a newly rateable property owned and used by organisations conducting specified public benefit activities must be phased in over a period of four financial years.

The phasing in discount on a property must:

- in the first year, be at least 75% of the rate for that year otherwise applicable to that property;
- in the second year, be at least 50% of the rate for that year otherwise applicable to that property, and;
- in the third year, be at least 25% of the rate for that year otherwise applicable to that property.

No rate may be levied during the first year on newly rateable property owned and used by organisations conducting specified public benefit activities. Thereafter the

phasing in discount shall apply as for other newly rateable property except that the 75% discount shall apply to the second year, the 50% to the third year, and the 25% to the fourth year.

A rate levied on newly rateable property may not be higher than the rate levied on similar property or categories of property in the municipality.

SECTION 22: SPECIAL RATING AREAS (ABRIDGED)

A municipality may by a resolution of its council determine an area within that municipality as a special rating area, levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area, and differentiate between categories of properties when levying such additional rate.

For determining such a special rating area, the municipality must undertake a prescribed process of consultation with the local community, and obtain the consent of the majority of the members of the local community in the proposed special rating area who will be liable for paying the additional rate.

The levying of an additional rate may not be used to reinforce existing inequities in the development of the municipality, and any determination of a special rating area must be consistent with the objectives of the municipality's IDP.

SECTION 23: REGISTER OF PROPERTIES

The municipality must draw up and maintain a register in respect of all properties situated within that municipality, dividing such register into a part A and a part B.

Part A of the register consists of the current valuation roll of the municipality, including any supplementary valuation rolls prepared from time to time.

Part B of the register specifies which properties on the valuation roll or any supplementary valuation rolls are subject to:

- an exemption from rates in terms of Section 15 of the present Act;
- a rebate on or a reduction in the rate in terms of Section 15;
- a phasing in of the rate in terms of Section 21; and
- an exclusion referred to in Section 17.

The register must be open for inspection by the public during office hours, and if the municipality has an official website or a website available to it, the register must also be displayed on that website.

The municipality must at regular intervals, but at least annually, update part B of the register.

SECTION 24: PROPERTY RATES PAYABLE BY OWNERS

A rate levied by a municipality on property must be paid by the owner of the property.

Joint owners of a property are jointly and severally liable for the amount due for rates on that property.

In the case of agricultural property owned by more than one owner in undivided shares, the municipality must consider whether in the particular circumstances it would be more appropriate for the municipality to hold any one of the joint owners liable for all rates levied in respect of the agricultural property, or to hold any joint owner only liable for that portion of the rates levied on the property that represent that joint owner's undivided share in the agricultural property.

SECTION 25: PAYMENT OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES

The rate levied by a municipality on a sectional title unit is payable by the owner of the unit.

The municipality may not recover the rate on such sectional title unit, or any part of such rate, from the body corporate controlling the sectional title scheme, except when the body corporate itself is the owner of any specific sectional title unit.

SECTION 26: METHOD AND TIME OF PAYMENT

A municipality must recover a rate on a monthly basis, or less often as may be prescribed in terms of the Municipal Finance Management Act, or annually, as may be agreed to with the owner of the property.

If the rate is payable in a single annual amount, it must be paid on or before a date determined by the municipality. If the rate is payable in installments, it must be paid on or before a date in each period determined by the municipality.

SECTION 27: ACCOUNTS TO BE FURNISHED

A municipality must furnish each person liable for the payment of a rate with a written account specifying:

- the amount due for rates payable;
- the date on or before which the amount is payable;
- how the amount was calculated;
- the market value of the property;
- if the property is subject to any compulsory phasing in discount in terms of Section 21, the amount of the discount, and
- if the property is subject to any additional rate in terms of Section 22, the amount due for additional rates.

The person liable for payment of the rates remains liable for such payment whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, that person must make the necessary enquiries from the municipality.

SECTION 28: RECOVERY OF RATES IN ARREARS FROM TENANTS AND OCCUPIERS

If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined for payment by the municipality, the municipality may recover the amount in whole or in part from a tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier. The municipality may recover an amount only after it has served a written notice on such tenant or occupier.

The amount that the municipality may recover from the tenant or occupier is limited to the amount of the rent or other money due or payable, but not yet paid, by such tenant or occupier to the owner of the property.

SECTION 29: RECOVERY OF RATES FROM AGENTS

A municipality may recover the amount due for rates on a property in whole or in part from the agent of the owner, if this is more convenient for the municipality, but only after the municipality has served a written notice on the agent in this regard.

The amount that the municipality may recover from the agent is limited to the amount of any rent or other money received by the agent on behalf of the owner, less any commission due to the agent.

SECTION 30: GENERAL VALUATION AND PREPARATION OF VALUATION ROLLS

A municipality intending to levy a rate on property must cause a general valuation to be made of all properties in the municipality, and must prepare a valuation roll of all properties in terms of such valuation.

All rateable properties in a municipal area must be valued during such general valuation, including all properties fully or partially excluded from rates in terms of Section 17 of the present Act. However, if the municipality does not intend to levy rates on its own property, on public service infrastructure owned by a municipal entity, on rights in properties, and on properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure resulting from past racial discrimination, the municipality is not obliged to value such properties as part of the valuation process.

A municipality may also apply to the Minister for exemption from the obligation to value properties excluded from rates in terms of Section 17 if the municipality can demonstrate that the valuation of such properties is too onerous for it, given its financial and administrative capacity.

Properties which have not been valued, because of any of the foregoing considerations, must nevertheless be included in the valuation roll.

SECTION 31: DATE OF VALUATION

For the purposes of a general valuation a municipality must determine a date that may be not more than 12 months before the start of the financial year in which the valuation roll is to be first implemented.

The general valuation must reflect the market values of properties in accordance with market conditions which apply as at the date of the valuation, and in accordance with any other applicable provisions of the present Act.

SECTION 32: COMMENCEMENT AND PERIOD OF VALIDITY OF VALUATION ROLLS (ABRIDGED)

A valuation roll takes effect from the start of the financial year following completion of the public inspection period required by the present Act, and remains valid for that financial year or for one or more subsequent financial years, as the municipality may decide, but in total not for more than four financial years.

Section 32(2) provides for the extension of the period of validity of the valuation roll by the MEC for Local Government, but only up to a period of five financial years, and only in specified circumstances.

SECTION 46: GENERAL BASIS OF VALUATION (ABRIDGED)

The market value of a property is the amount the property would have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer.

SECTION 47: VALUATION OF PROPERTY IN SECTIONAL TITLE SCHEMES

When valuing a property which is subject to a sectional title scheme, the valuer must determine the market value of each sectional title unit in the scheme.

SECTION 77: GENERAL

A municipality must regularly, but at least once a year, update its valuation roll by causing a supplementary valuation roll to be prepared, or the valuation roll itself to be amended.

ANNEXURE “B”

PERCENTAGE OF SERVICE USED

COMMUNITY SERVICES	RESIDENTIAL	INDUSTRIAL	BUSINESS	AGRICULTURAL
Administration				
Air pollution				
Fire fighting				
Local tourism				
Municipal planning				
Municipal public works				
Stormwater				
Trading regulations				
Fixed billboards and advertisements				
Cemeteries				
Public nuisances				
Control of undertaking selling liquor to the public				
Township development				
Facilities for accommodation, care and burial of animals				
Fencing and fences				
Licensing of dogs				
Licensing of undertaking that sell food to the public				
Local amenities				
Local sport facilities				
Municipal parks and recreation				

COMMUNITY SERVICES	RESIDENTIAL	INDUSTRIAL	BUSINESS	AGRICULTURAL
Municipal roads				
Noise pollution				
Pounds				
Public places				
Street trading/street lighting				
Traffic and parking				
Building control				
Licensing of motor vehicles and transport permits				
Nature reserves				
SUBSIDISED SERVICES				
Health and ambulance				
Libraries and museums				
Proclaimed roads				

Drinking water quality and waste water management

The Council is at present embarking on the green and blue drop accreditation systems as by law, instituted by Department of Water Affairs. The green drop refers to sewer effluent quality and the blue drop to drinking water quality. The testing of water quality is done by Rand Water, Department of Water Affairs and in-house laboratory. The two systems implemented include measuring the management systems as well as the testing of sewer effluent and drinking water. The Council is at present populating the websites with assistance from Department Water Affairs. The Council was assessed at the end of May 2010 and is awaiting the outcome. Both water qualities in the areas are within the standards.

Quality Certificate

I, X W Msweli, Municipal Manager of Metsimaholo Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting are consistent with the Integrated Development Plan of the municipality.

X W Msweli

Municipal Manager of Metsimaholo Municipality, FS 204

20101/06/04